

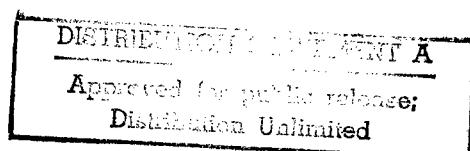


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JPRS Report

East Asia

Southeast Asia



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Cooperation Contracts Signed With ROK Investors

42130012c Jakarta *SUARA PEMBANGUNAN*
in Indonesian 17 Sep 88 p 11

[Text] On Thursday [15 September] Indonesian businessmen and their South Korean associates signed 13 cooperation contracts for investment in ready-made clothing, shoes, alcohol and shipping containers. Dr Arifin M. Siregar, minister of trade, and the South Korean minister of trade witnessed the signing of these contracts.

According to a press release from Satmarindo, Inc., the contract was signed by Suryo B. Sulisto, a member of the delegation headed by the Minister of Trade which went to South Korea 14 to 15 September 1988.

South Korean businesses have been placing great emphasis on Indonesia up to now, and the number of South Korean businesses investing in Indonesia will increase to an even greater extent as a result of these cooperative contracts. Indonesia is second only to the United States for South Korean investments. As of May 1988 South Korean investment in Indonesia reached \$286.7 million, according to that press release.

In the last 3 years the growth of trade relations between Indonesia and South Korea has been very encouraging. In 1985 the value of exports was \$656.2 million and of imports was \$205 million; in 1986 exports were \$355.5 million and imports were \$159; in 1987 exports were \$673.3 million and imports were \$268.5 million.

Oil was still the biggest export. However, an increase in nonoil exports, which went from \$56.8 million in 1983 to \$263.3 million in 1987, has become noticeable over the last few years.

09846

Importers Dissatisfied With Swiss Surveyor Company

42130012d Jakarta *PELITA* in Indonesian
19 Sep 88 pp 1, 6

[Text] Drs Radius Prawiro, coordinating minister for economics, finance and industry, does not agree with suggestions that a Board of Appeals should be formed to handle complaints from importers who have suffered a loss due to SGS [Societe Generale de Surveillance] (a foreign surveyor company contracted by the government to inspect imported goods). All such complaints should be sent for investigation to SGS and to the Import Directorate, Director General for Foreign Trade.

Minister Radius made this statement in response to questions from the press in the press room of the Istana Merdeka [Presidential Palace] on Saturday [17 September] after he and Drs Moerdiono, minister/secretary of state, reported to President Suharto.

Meanwhile, Attorney General Sukarton Marmosudjono, S.H. [Master of Laws], said in Surabaya yesterday afternoon that he will meet with SGS, importers and exporters and other companies involved so that each of them will understand what they have to do in this situation.

Existing Procedures

Radius said that there already exist standard complaint procedures for importers who think that they have suffered a loss, i.e. forward the complaint to SGS and to the Import Directorate in the Department of Trade. There is a form for such a complaint, in which discrepancies, including price discrepancies, must be shown.

"We know that there are possible price discrepancies, but we also know that some importers do under invoicing, i.e. an invoice price that is lower than the real price, so that the import duty will be lower," said Radius.

Both Sides Must Show Proof

If a price discrepancy is involved, the importer must be able to prove that his price is the right one. On the other hand, SGS will be asked to prove that the price that it has determined is the right one.

Radius, who was once the minister of trade, said that the Import Directorate of the Department of Trade, as a public-service agency, is neutral and not biased. Therefore, there is no need for a Board of Appeals and no need to create a special body within the Department of Trade to handle importers' reports or complaints.

If there were many cases of price discrepancies between importers and SGS, GINSI [All-Indonesia National Importers Association], as an importers' group, should be the body to submit a complete list of the evidence.

Radius also suggested that GINSI regularly send in reports about such matters. "Note them down case by case; don't make these problems out to be global," he said.

The best report, according to the minister, would say that the importer's price was such and such, and that the price determined by SGS was such and such, and so the discrepancy was such and such.

As already reported in the press on Friday [16 September], after he and his fellow directors had met with President Suharto, Daryatmo, the general chairman of GINSI's DPP [Central Executive Board], said that almost every importer had paid dearly because of SGS's tricks at one time or another. Sometimes SGS had put too high a price on the goods and sometimes SGS had issued an Inspection Verification Report (LKP) that was at variance with the actual condition of the goods.

As a result, importers have been forced to spend more money than they should have. Daryatmo said that importers can do nothing about it because, they say, SGS "can do no wrong." That is why Daryatmo supports the former Minister of Trade Drs Rahmat Saleh's idea of forming a Board of Appeals to handle importers' complaints.

09846

Government To Abolish Certain Subsidies

42130012e Jakarta *SUARA KARYA* in Indonesian
23 Sep 88 p 1

[Text] The government will abolish certain subsidies. From now on subsidies will be given only for things that cannot be avoided. "And those will be phased out gradually," said Dr Saleh Afiff, minister of national development planning and chairman of BAPPENAS [National Development Planning Board], who was accompanied by Prof Dr B. S. Mulyana, junior minister for national development planning and deputy director of BAPPENAS, at a working meeting held in Jakarta yesterday with the DPR's [Parliament] Commission on the APBN [National Budget], headed by A. Wiratno Puspoatmodjo, chairman of the commission.

In every fiscal year the government has made available certain subsidies whose size has depended on need and development. The government has given routine large-scale subsidies for fuel oil (BBM), for fertilizer and for the autonomous regions (SDO). In the 1987-88 fiscal year the fuel-oil subsidy had reached 195 billion rupiahs as of February 1988, and the 1988-89 RAPBN [Projected National Budget] estimates that it will reach 266.5 billion rupiahs. Initial estimates were that subsidies for fertilizers would total 203.5 billion rupiahs in 1987-1988; it turned out that in the first half of that fiscal year alone subsidies have already reached 606.5 billion rupiahs. This fiscal year fertilizer subsidies are estimated at only 200 billion rupiahs.

The present unstable economic situation and limited government funds have made the government tighten up on and be more selective about routine expenditures and development funding under the next 5-year plan.

"Available funds will be used as much as possible to increase the quantity and quality of government social services," added Saleh Afiff. Priorities are the development of the structures and infrastructures which will directly support an increase in nonoil exports, stimulate investment and production and create employment opportunities.

Close control over government expenditures, it is hoped, can support government savings. However, the minister said, this does not mean a reduction in national security, in the maintenance of the nation's wealth or in the

results of national development. In line with that, attention will be paid to the welfare of civil servants in order to increase the service and productivity of the state apparatus within the limits set by the nation's financial situation.

09846

Official Cites Underuse of Capital Market

42130012b Jakarta *MERDEKA* in Indonesian
16 Sep 88 p 8

[Excerpts] Prof Barli Halim, head of the Capital Market Implementation Board (BAPEPAM), thinks that few Indonesians are using the capital market.

"We will receive dividends and also help businesses through the accumulation of funds if we make use of the capital market," he said at a 1-day seminar entitled "Alternative Sources of Funding for Businesses," which was held in Surabaya on Wednesday [14 September].

When a participant asked when the use of the capital market would become common in Indonesia, Barli was unable to give a precise answer. He only said that "it depends on us."

Barli Halim also said that Indonesian businesses are not yet interested in selling shares to the Indonesian public. He said that as of now only 24 businesses have shown any interest in using the public's funds for their businesses.

He guesses that getting other companies interested in issuing stock will probably have to wait until internal sources of funding, which are still available, no longer exist; then they will think about this matter.

He thinks that investment can be faster, especially from the point of capitalization, when more capital for stocks is available.

Bank loans are now looked to as sources of financing, but long-term funding through the capital market can improve financial structure in the form of a healthier debt-equity ratio.

When these improvements in financial structure take place, attracting loan capital will provide guarantees not only for the company itself but also for the lending institutions," he said.

"The flow of capital from lender to borrower through the capital market will become more efficient because some of the expenses can be kept down. In addition, only healthy projects will attract investor interest and investment in unproductive areas can be prevented."

Volume of Trading Increases

Barli Halim stated that there were 1,044,970 stock transfers during the first half of 1988, an average of 174,162 a month. This shows a 44.67- percent increase over the average monthly figures for the first half of 1987.

The value of trading during the same period this year reached 2 billion rupiahs, a significant increase compared to last year's 1.37 billion rupiahs for the same period of time.

09846

Researcher Suggests 4 Percent Increase in Rice Production

42130012a Jakarta KOMPAS in Indonesian
16 Sep 88 p 1

[Excerpts] Increases in rice production under the upcoming PELITA [5-Year Development Plan] V should be limited to 4 percent a year. It will cost a lot of money to push rice production any higher because it will have to be supported by government subsidies.

Dr Engr A. Hasanuddin, head of the Maros (South Sulawesi) BALITTAN (Food Crops Research Board), stated this opinion to KOMPAS while attending the "Agroeconomic Research Coordinating Technical Meeting" in Cisarua, Bogor County, yesterday.

In addition to limiting or putting a brake on increased rice production the government must also initiate a program of increased agricultural efficiency as soon as possible. This includes spending less and making effective use of Indonesia's natural resource potential, the land, which has not been used optimally up to now.

Safety Valve

Hasanuddin said that this 4-percent average rate of increase in rice production is enough of a safety valve for the self-sufficiency-in-food program, which has been in effect since 1984. The government does not have to spend too much because various breakthroughs will allow such a high rate of increase in rice production to be carried out.

He emphasized that opportunities to increase rice production are still wide open because prospective land for cultivating rice is still widely available and because the necessary technology exists.

If Indonesia keeps on increasing rice production, however, the government will have to make large amounts of money available for the creation of new rice fields outside Java, for building irrigation systems and for subsidizing fertilizers, pesticides and other means of production.

Efficiency

To slow down the continuing increase in rice production and to increase farm income the government must deregulate and upgrade various aspects of agriculture so that everything can go along in an orderly and balanced way. This will result in savings and a large increase in surplus value.

09846

Soviets Offer Cooperation in Peat Processing

42130009b Jakarta SUARA PEMBARUAN
in Indonesian 27 Sep 88 p 1

[Excerpt] Jakarta, 27 Sep—The Soviet Union has offered to cooperate with Indonesia in exploiting deposits of peat and in making peat a commodity for export as well as for meeting domestic needs.

"We greatly desire cooperation with Indonesia, whether in setting up joint enterprises, selling equipment, or providing commercial credit and other such things, for utilization of peat found in Indonesia," declared Yuri A. Bukatin, head of the Soviet Trade Representation in Indonesia, at a press conference in Jakarta on Monday afternoon [26 September].

The Soviet Union, which has a capacity of 80 million tons of peat per year, is the largest producer and exporter of it in the world. Indonesia has 80 billion tons of peat in an area of about 26 million hectares. Indonesia's deposits (most of which are in Kalimantan and Sumatra) make it the fourth largest possessor of peat in the world, he said.

6942

ABRI Chief Cites Challenges Facing Country

42130009a Jakarta ANGKATAN BERSENJATA
in Indonesian 26 Sep 88 p 1

[Text] Semarang, ANGKATAN BERSENJATA—ABRI Commander [PANGAB] General TNI [Indonesian National Army] Try Sutrisno declared that possible threats to the Indonesian people in the next 5 years will be multidimensional and range simultaneously from low to high intensity.

"Threats to the independence and sovereignty of the state will be very small in the decade of the nineties, but we must remain alert," the PANGAB said in a written lecture on national security and discipline read by ABRI KASOSPOL [Chief of Sociopolitical Affairs] Lieutenant General TNI Harsudiono Hartas on the 32d anniversary of UNDIP [Diponegoro University] at Semarang on Saturday [24 September].

According to Try Sutrisno, the sources of threats of which we must beware include the Communists, namely remnants of the G-30-S/PKI [30 September Movement/ Indonesian Communist Party] and members of the next generation they have been able to develop at home, as well as abroad.

In addition, he said, we must be alert to other extremist groups and to people who want to coerce adoption of a liberal democracy with unbounded liberties.

The PANGAB said the public must also be alert to the practical political activities of certain groups who directly or indirectly try to disrupt and hinder efforts toward realization of Pancasila in the life of the community, nation, and state.

As for political threats from abroad, he noted among other things foreign subversive efforts to exercise a political will that is contrary to the views and interests of Indonesia.

Foreign Impact

The PANGAB noted in his lecture that while foreign social, economic, and cultural influence may have a positive impact it may also have a very negative impact on the life of the Indonesian people.

The negative impact includes materialism and the encouragement of an individualistic attitude.

"These negative things must be resisted carefully in order not to produce a worse and more extensive influence," the PANGAB said, as quoted by Harsudiono Hartas.

The PANGAB believes the Indonesian people have great potential for escalating development. The greatness of that potential is embodied in their principles and philosophy, which are expressed in the GBHN [Broad Outline of State Policy].

The four-star general declared that ABRI and the people have a large stake in this development potential.

He emphasized, however, that ABRI's interaction with the people in maintaining security, as well as in implementing development, is very dependent on the level of national discipline among the people.

If the level of discipline is low, it will be difficult for Indonesia to expect development to move smoothly and grow quickly.

The lecture, which was introduced by UNDP Rector Prof Dr Moelyono S. Trastotenoyo, was attended by ABRI and civil officials and members of the UNDP academic community in Semarang.

6942

Portugal Challenges Timor Gap Oil Pact With Australia

42000013 Sydney THE AUSTRALIAN in English
12 Sep 88 p 1

[Article by Anna Grutzner]

[Text] The proposed Timor Gap oil exploration agreement between Australia and Indonesia has come under attack from the Portuguese Government, which has threatened to take international action to declare the pact illegal.

But Department of Foreign Affairs sources said the Portuguese action would be unlikely to succeed, as it was based on the still unresolved challenge to Indonesia's annexation of East Timor in the United Nations.

And the Federal Minister for Foreign Affairs, Senator Evans, speaking to THE AUSTRALIAN from Rabaul last night, rejected Portugal's claim that the Timor Gap treaty would be illegal.

"It's a repetition of a long-standing Portuguese position," Senator Evans said.

"It comes as no surprise to the Australian Government. It won't influence in any way the future course of the negotiations (with Indonesia)."

Senator Evans said Australia did not accept there was anything illegal about the Australian and Indonesian actions.

The Portuguese Ambassador to Australia, Mr Luiz Gomez, yesterday described the deal, reached between the two governments last week, as a blatant and serious breach of international law.

"In 1985, the Portuguese Government protested vehemently against the Australian Government's attitude in negotiating the exploration of the resources of the territory, for which Portugal is the internationally recognised administrative power," he said.

East Timor is a former Portuguese colony that was invaded by Indonesia in 1975.

The UN has repeatedly called on Indonesia to withdraw from the island territory and the annexation is not recognised under international law.

"So far, no qualitative change has occurred regarding the legal status of East Timor," Mr Gomez said.

"Therefore the Portuguese Government considers that the ratification of such an agreement on the establishment of a cooperation zone for the exploration of oil in the so-called Timor Gap by the Australian Government would constitute a blatant and serious breach of international law.

"The Portuguese Government will consider carefully any development related to this issue and will act promptly according to international law in defence of the legitimate interests in question."

Mr Gomez denied that Portugal would consider trade sanctions against Australia, but said he would not spell out his country's options before the agreement was actually ratified.

"We have no claim of sovereignty on East Timor ourselves or any economic interests there," he said.

The agreement over sea boundaries in the oil and gas-rich region ends nine years of impasse between Australia and Indonesia over sovereignty.

Under the proposal, three separate zones have been defined to give each country control of one area and joint control of a third.

/9604

ROK Loan for West Sumatra Bypass

42000002f Jakarta BUSINESS NEWS in English
2 Sep 88 p 6

[Text] Jakarta, (BUSINESS NEWS)—The South Korean Government has given a U.S. \$17 million soft loan to Indonesia for the construction of Padang By-pass in West Sumatera. The document for the extension of the loan will be signed at the end of this year while the construction of the 22 km-long by-pass is scheduled to start next year, visiting Korean Deputy Minister of Construction Affairs Kim Han Jong has stated.

Speaking before newsmen after meeting Indonesian Minister of Public Works Radinal Moochtar here Tuesday, Kim said further that Korean businessmen are free to make investments like their Indonesian counterparts. Concerning the possibility of making investment in the construction of toll-roads in Indonesia, he said the South Korean Government supports such investments through the Association of Korean Contractors abroad.

/9604

Taiwan Investments Increase Sharply

42000002d Jakarta ANTARA NEWS BULLETIN
in English 2 Sep 88 p A7

[Text] Taipei, 2 Sep (ANTARA)—Taiwan's investments in Indonesia increased sharply in the first half of this year, making Taiwan the second biggest investor after West Germany in Indonesia.

The vice chairman of the Investment Coordinating Board (BKPM), Rasidi M.A. spoke about the development of Taiwan's investments in Indonesia before more than 100 Taiwanese businessmen at a seminar on "Investment in Indonesia" here Wednesday.

He disclosed that the Taiwan's new investments in Indonesia totalled U.S. \$270.9 million in the first semester of this year, below West German new investments which stood at U.S. \$947.4 million in the same period.

Japan ranked first in the amount of investments in Indonesia from 1967 to 1987, with total investments amounting to U.S. \$5,650.7 million during that period. The Japan's new [investments] in the first 6 months of this year reached U.S. \$167 million, causing the increase of Japan's total investments in Indonesia to U.S. \$5,817.7 million.

/9604

PERTAMINA To Privatize Unprofitable Joint Ventures

42130008b Jakarta SUARA PEMBARUAN
in Indonesian 13 Sep 88 p 11

[Text] Jakarta, 13 Sep—Joint enterprises set up by PERTAMINA [National Oil and Natural Gas Company] in cooperation with private interests but which have been unprofitable and are not connected directly with PERTAMINA operations are to be sold under the privatization plan, PERTAMINA spokesman K.A. Edin told PEMBARUAN on Monday [12 September] in Jakarta.

"Business endeavors already in the hands of the community and not connected directly with PERTAMINA operations are to be released. Of the nine companies in the engineering sector, for example, one has been sold," he said. There are no plans to sell PERTAMINA subsidiaries to the private sector, however.

Meanwhile, a PEMBARUAN source explained that PERTAMINA's strategy underlying the establishment of subsidiaries and joint enterprises was to serve as a catalyst for the formation of private national companies which would support PERTAMINA operations and which were still scarce at that time.

The joint enterprises were also expected to function as vehicles for technology transfer for the sake of national interests in addition to functioning as cost-saving profit centers for PERTAMINA and helping to create job opportunities.

Consistent with the growth of national development activities in general and with development that has taken place in the oil and natural gas sector in particular, many private national companies now operate in the same sector as PERTAMINA joint enterprises and, in fact, are now able to compete for work.

Accomplished

Thus, the role of PERTAMINA as a catalyst for the growth of private national companies that support the oil and natural gas industry has been largely accomplished.

There are now 21 joint ventures between PERTAMINA and the national private sector. One of these is PT [Limited Company] Avlau Indonesia Fabricators, of which at least 51 percent of PERTAMINA's stock has been sold.

PERTAMINA has six subsidiaries, of which it owns 100 percent of the capital. In 1987, the capital of these six subsidiaries totaled more than 14 billion rupiahs.

6942

MP's Criticize Lax Control of Former PKI Members in Provinces

*42130004b Jakarta SUARA PEMBARUAN
in Indonesian 6 Sep 88 pp 1, 12*

[Excerpts] Jakarta, 6 September—We must continue to be vigilant against the remnants of the G.30.S/PKI [abortive communist coup d'etat of 1965] and those associated with it who were detained for criminal activities. Their activities must be controlled. In the same way the criteria and conditions for clearing themselves and for clearing persons closely associated with those who will hold certain positions in the government require clear instructions.

This was stated by H. Soetardjo Surjoguritno, a bachelor of science and spokesman for Committee II of Parliament, when he read the report of the working visit of the committee before a plenary session of Parliament on 5 September.

Weaknesses

The findings of the Functional Development Faction in the report of Committee II regarding political and security affairs mention that there are still weaknesses in the training and supervision of former G.30.S/PKI detainees and those associated with it who were found guilty of criminal offenses. There are still differences in the data concerning the number of people in this category. This is a conspicuous administrative weakness.

During its working visit the Functional Development Faction also found data showing that there were about 5,000 people who were members of prohibited organizations in Pati Regency [Central Java] in 1977 who had not been re-registered since 1982. Nearly as many people were missing from the records in Boyolali Regency [Central Java]. However, in a follow up action these people were registered on the list of members of prohibited organizations in 1987.

Administrative weaknesses were also found in Central Java. Former detainees and criminal elements from the G.30.S/PKI obtained travel documents without clearly and completely stating their addresses and the places to which they were traveling. Among them were some who improperly obtained travel documents in new locations.

Limitations on the number of personnel handling the former detainees and criminal elements from the G.30.S/PKI and transfers among processing and supervisory personnel not accompanied by definite and careful handing over of the list of members of prohibited organizations were also among other weaknesses which were found.

The Functional Development Faction, which is the largest faction in Parliament, also reported that there is still an attitude of apathy in the areas where former detainees and criminal elements associated with the G.30.S/PKI live, particularly in the large cities. Such conditions are regarded as local weaknesses which do not show an awareness and feeling of responsibility to train and include the people in the area to join in the supervision of the former detainees and criminal elements in their area.

In this connection the Indonesian Armed Forces faction in Committee II highlighted the fact that this problem is also a weakness in the supervisory effort in Jakarta. Weakness in the supervision of former detainees and criminal elements associated with the G.30.S/PKI is the result of their high level of mobility. They are also trying to cover their tracks and to obtain new travel documents. The level of awareness of the Neighborhood Associations [Rukun Tetangga/Rukun Warga—RT/RW] handling the supervisory effort is not sufficient.

West Java Has 80,000 Former Detainees

Meanwhile a report by Committee I also stated that about 80,000 former detainees and criminal elements associated with the G.30.S/PKI in West Java are not being monitored. In 1988 the provincial government is trying to develop updated information in every regency and city. This province has completed re-registration of these former detainees in Subang, Ciamis, and Sukabumi.

Committee I reported officially that in Central Java there are 302,106 members of prohibited organizations, consisting of 48 in Group A, 7,549 in Group B, 244,037 in Group C, and 50,435 people who are required to report to the police. In East Java there are 51 people in Group A, 4,415 in Group B, 22,550 in Group C, and 420,161 people who are required to report to the police.

However, during its working visit to the provinces Committee I found conflicting data in reports prepared by the regencies and the local KODIM's [Komando Distrik Militer—Military District Commands]. A total of 110 members of prohibited organizations were not registered in Gresik [East Java].

05170

Hunt Begins for Thousands of Chinese Illegal Aliens

42130015c Jakarta TEMPO in Indonesian
24 Sep 88 p 35

[Text] Minister of Justice Ismail Saleh blew the on-your-mark whistle last week. The hunt operation is being readied. The target: former PP-10 [Government Regulation 10] Chinese aliens who are still unwilling to fill out immigration documents.

The minister of justice plans harsh action against violators of the law. "There will be no pardon. Immigration personnel will be deployed for the arrest operation," Ismail Saleh told members of DPR [Parliament] Commission III on Wednesday of last week [14 September].

Ismail Saleh indeed has reason to be angry. Last year, he put forth a sympathetic offer: Former PP-10 Chinese aliens were given opportunity to legalize their citizenship status, which has been unclear for almost 30 years. The legalization offer ended on 15 September. The attractive offer apparently was ignored.

It is estimated that there are still about 5,000 former PP-10 overseas Chinese. By early September, only 1,972 people had used the legalization opportunity, according to records of the Directorate General for Immigration. The rest have simply disappeared.

The confused status of overseas Chinese was a consequence of Government Regulation (PP) 10, 1959. The regulation included clauses that required overseas Chinese to make a choice: Become an Indonesian citizen or a Chinese citizen. The door to dual citizenship was shut tightly.

Other clauses specified that aliens were not permitted to do business outside of regency cities. Consequently, many decided to return to the land of their ancestors.

The number of those who intended to go home apparently was considerable. In the period 1960-62, more than 140,000 overseas Chinese registered to return. The Immigration Service supplied them with a document called an EPO ("Exit Permit Only").

There were waves of people who wanted to return. Some PRC ships made several trips and took home about 40,000 people. For reasons that are unclear, however, the ships stopped their trips.

Naturally, EPO holders still in Indonesia found their citizenship status in utter confusion: They were citizens of neither Indonesia or China and no longer possessed any type of immigration document. For its part, the Immigration Service took a firm position. The immigration documents not only of EPO holders but of EPO applicants as well had been destroyed.

The government itself was in a quandary. Should it deport them? That was impossible, for they had no passports. The situation became more difficult when Indonesia-PRC diplomatic relations were severed in 1967. Therefore, the government took the middle road of permitting the overseas Chinese to stay in Indonesia and supplied them with SBPK's (Reregistration Certificates).

For years they lived in legal uncertainty. New regulations on them did not appear until 1980, when Presidential Instruction 2 gave them opportunity to obtain Indonesian citizenship by naturalization. Then, in the same year, KEPPRES [Presidential Decision] 13 was issued, spelling out naturalization procedures.

Through these two regulations, many EPO holders converted to Indonesian citizenship. The number of stranded overseas Chinese declined. In 1986, after taking deaths into consideration, there were 5,100 persons who had not settled their immigration status, according to the Directorate General for Immigration.

Through legalization, they can obtain an SBPK and then an SKK (Residency Certificate). Supplied with an SKK, they are authorized to receive an alien KTP [Resident Identification Card] and may apply for citizenship. It should be noted that only people who have lived in Indonesia for more than 15 years have the right to an SKK.

Then, on 15 September of last year, Minister of Justice Ismail Saleh announced that people who had not settled their citizenship status were to report to immigration offices. The minister also made a promise: The "sins" of people who had been hiding for years without official documents would be forgiven, and their status would be legalized. They would be assisted in obtaining Indonesian citizenship.

The chance for legalization lasted a year. Minister Ismail Saleh appeared quite angry when he learned that less than half of the former PP-10 people had reregistered. He barked out threats. "If, when the time is up, there are still former PP-10 Chinese citizens who have not taken advantage of legalization, they will be arrested and put in immigration quarantine," he declared.

Ismail Saleh's threats may not be in jest. The Department of Justice is preparing to build a quarantine facility at Katik Tana, West Sumba Regency, East Nusa Tenggara, for detaining violators of immigration rules. "It is now at the land title transfer stage," said Roni Sikap Sinuraya, director general for immigration.

It is truly not easy, however, to find the former PP-10 overseas Chinese. In Pontianak, West Kalimantan, for example, where there used to be hundreds of former PP-10 Chinese, not one person took advantage of the legalization period.

According to Soerahardjo, head of the Regional Justice Office for West Kalimantan, it is in fact hard to trace the former PP-10 Chinese. They may have died, moved, or become Indonesian citizens elsewhere through marriage or naturalization. "I think they have been completely absorbed into Indonesian citizenship," he asserted.

By the end of last week, the Surabaya Class I Immigration Office at Waru had handled the legalization of 220 former PP-10 overseas Chinese. When asked why they were late registering, "they said they did not know there were regulations like this," said Isa Mangkuningrat, head of the office.

Isa noted that most of the 220 who underwent legalization were of low economic status. "Rich Chinese have become Indonesian citizens," Isa said.

6942

Sutrisno Speaks on Armed Forces Leadership, GOLKAR

*42130015b Jakarta KOMPAS in Indonesian
3 Oct 88 pp 1, 8*

[Excerpts] Jakarta, KOMPAS—The Indonesian Armed Forces as a sociopolitical force will always encourage the growth of self-sufficiency in both community and sociopolitical organizations. Everyone must realize that self-sufficiency will be achieved when the individuals or organizations involved perform their functions with discipline and professionalism.

ABRI Commander [PANGAB] General Try Sutrisno said this in a press interview on the occasion of the 43d Armed Forces Day. The interview took place last Saturday [1 October] at the PANGAB's official residence on Denpasar Street, Kuningan, South Jakarta.

The PANGAB said that under our national political system ABRI is a subsystem with a position like that of other sociopolitical forces. "Therefore, ABRI feels called to cooperate always with the other sociopolitical forces on the basis of equality and family and by applying the philosophy of mutual betterment, concern, and care," he said. The principle of Pancasila democracy, which is stipulated constitutionally, requires participation through consultative consensus by all groups who have a stake in community and state life.

In connection with self-sufficiency, the four-star general noted that one role expected of ABRI is to encourage creation of national stability in cooperation with other components of the community. "The stability we want to create is a dynamic national stability, a stability that accommodates dynamics of the community so that it can move forward. The way to do it is, first, to urge that all functions operate with stability. Second, a true national discipline must be created," he asserted.

Not Individual Taste

The PANGAB declared that ABRI leadership is not set by individual taste but is determined by a specific pattern. Thus, whoever becomes the leader of ABRI is not independent of ABRI's prior leadership tradition. "As ABRI leader at this moment, I lead in accordance with an ABRI leadership tradition that is based upon the 11 principles of ABRI leadership, the ABRI combat tradition, and a chain-of-command mechanism that constitutes a line of authority and responsibility," said Gen Try Sutrisno.

The PANGAB also used the occasion to explain his position as chairman of the National Stability Coordination Board (BAKORSTANAS). "In this position, I function as coordinator, not commander," he said. As coordinator, he must accommodate, absorb, synchronize, motivate, and coordinate thinking on, and the handling of, various problems that relate closely to other authorities in order to find ways to resolve the problems. "If a problem is considered strategic and serious enough, it will be submitted to the president in the form of a policy and action proposal," declared Gen Try Sutrisno.

He explained that systems and procedures for BAKORSTANAS operations are being set up. Some matters handled by OPSTIB [Operation "Order"] still need to be handled by BAKORSTANAS.

When asked about his hopes for the GOLKAR leadership to be decided by the GOLKAR MUNAS [National Conference] this month, especially as to continuance of harmonious relations between ABRI and GOLKAR, the PANGAB stated, "ABRI hopes for a leadership that truly reflects the color of New Order leadership and thus gives priority to a pure implementation of Pancasila and the 1945 Constitution."

As for who will be the leader of GOLKAR and what the requirements for being the leader are, Gen Try Sutrisno said it will be up to the MUNAS to decide. "We can not participate in policy decisions. You must be able to distinguish between ABRI as an organization and GOLKAR as an organization," he said.

6942

Former Security Chief Warns of Political Manipulators

*42130015a Jakarta KOMPAS in Indonesian
2 Oct 88 pp 1, 12*

[Excerpts] Jakarta, KOMPAS—In a developing country, the power centered in a political leader often becomes untouchable. In a political crisis, such a situation would confront those who hold careers in top ABRI leadership with a dilemma. They would have to choose between loyalty to the political leadership and steps they feel they themselves should take to resolve the problem. Retired General Soemitro made this statement Friday night

[30 September] in Jakarta in a discussion of the publication of "Profile of a TNI [Indonesian National Army] Soldier," authored by Amelia Yani.

The four-star general, who is known as a top military strategist, appeared charming as he held hand-written notes he had prepared earlier. Soemitro lost his position as WAPANGAB/PANGKOPKAMTIB [Deputy Armed Forces Commander/Commander of the Command for the Restoration of Security and Order] following the MALARI [15 January Disaster] incident in early 1974.

Amelia Yani (40), the third daughter of the late General (posthumous) Ahmad Yani wrote the biography of her father, the Army commander murdered by a G-30-S/PKI [30 September Movement/Indonesian Communist Party] gang on 1 October 1965.

Coup d'Etat

According to Soemitro, the loyalty of an ABRI leader to the political leadership could be misused at times. "It might be for political considerations or for other reasons," he stated.

Such a situation would present a dilemma to an ABRI leader. Should he take action leading to a coup d'etat, or should he give in to the situation by resigning? "And resigning does absolutely nothing to solve the problem," said Soemitro as he turned to look at Gen Benny Murdani, who happened to be sitting beside him.

In the same connection, Soemitro also indicated that the precedent set by a coup d'etat could have an extensive effect. If a coup were to occur, Jakarta would always be a center of instability in Southeast Asia.

He, therefore, warned military leaders not to be used for the intrigues of political leaders. Military leaders must not be susceptible to division or to being pitted one against another.

In his opinion, there will be no difficult problem as long as ABRI is united. Everything can be resolved without meeting any significant obstacle.

Soemitro, who now heads the MILITARY TECHNOLOGY AND STRATEGY magazine and does much writing, also warned that a lack of unity among military and political leaders will ultimately make the security apparatus unresponsive. "We all remember the atmosphere just prior to the G-30-S/PKI. Pak [Father] Yani had asked General Parman, his assistant for intelligence, to go to the palace every day so that Bung [Brother] Karno could see him."

All of Pak Yani's efforts remained unsuccessful, however, because ABRI leaders were repeatedly accused of a series of things, like being anti-NASAKOM [nationalism, religion, communism] and anti-national-unity and having a "communist phobia." Political leaders no

longer paid attention to the security apparatus. Therefore, Soemitro asked that the responsiveness of the security apparatus continue to be maintained. Responsiveness and self-confidence must be continuously cultivated during the course of cooperative relationships with political leaders.

6942

Contract for Surabaya Port Expansion Signed 42000002e Jakarta ANTARA NEWS BULLETIN in English 6 Sep 88 p A7

[Text] Jakarta, 6 Sep (ANTARA)—The second phase of the development of Tanjung Perak port here will soon start after the contract for that purpose was signed here on Monday.

The contract for the construction works was signed between the chief director of PERUMPEL III, the port management company, Frans Ronald Masengi, the chief director of TOA Harbour Works of Japan Yoshikazo Amanoya, and the project officer Hadi Wiryatmo.

The signing of the contract was witnessed by Director General of Sea Communications J.E. Habibie.

The contract is worth 3,068,578,504 yen plus 23,979,462,000 rupiahs.

The fund was obtained as loan from the Asian Development Bank (ADB).

In carrying out the port expansion works, TOA Harbour will cooperate with an Indonesian company PT Dharma Subur Sakti.

According to the contract, the works will be completed in 640 calendar days.

/9604

Development of Jakarta Stock Market Viewed 42130008f Jakarta TEMPO in Indonesian 17 Sep 88 p 85

[Report by M.W. Budiono' D. and Bachtiar A.: "Funds Flow Freely, But ..."]

[Text] One can measure the depth of the ocean, but who knows the depth of investors' pockets? Yes, who knows? Last year, several economic experts said the stock market was dried up. This year, however, funds are flowing to the exchange quite freely. Look at the price index for shares of 24 companies. At the beginning of 1988, it was still under 100, but on Monday of this week it had rocketed to 145.

Investments in bonds, too, are pouring in with unmatched swiftness. From January to August of this year, debt instruments traded there from various companies reached a value of 270 billion rupiahs. That broke the previous record of 150 billion rupiahs.

BAPEPAM [Stock Market Executive Board] Chairman Prof Barli Halim is convinced the swift flow will not ebb yet. This is especially true of people interested in bonds, for the bond market is like the luxury car market. Even under difficult economic conditions, there are still rich people who want to buy.

It must be admitted, however, that the Jakarta exchange is still very limited. Prayogo Mirhad, president director of PT [Limited Company] Papan Sejahtera, which has been on the Jakarta exchange since 1983, believes it is now time for the government to expand the stock market. He considers the deregulation packet of December 1987, which, among other things, permitted foreign investors to trade at Merdeka Selatan Street (Jakarta's "Wall Street"), still inadequate.

The former principal director of BTN [State Savings Bank] acknowledged that he recently sent a letter to monetary officials asking that capital organizations, like social and life insurance companies, be afforded deferment of income tax if they invest in the stock market. (Note: Such facilities have been given only to about 100 pension groups recognized by the minister of finance.—Editor)

Prayogo's reason? "Requests for bonds are on the increase." The bond market has now reached a volume of 805 billion rupiahs. Meanwhile, other companies, like the Trade Bank and the East Java Regional Development Bank, also are interested in selling debt instruments this year. Their bonds, valued at a total of 85 billion rupiahs, are to be sold at the end of this year. This does not include bonds valued at 25 billion rupiahs from Papan Sejahtera.

Papan Sejahtera actually intended to sell 54 billion rupiahs' worth of bonds, but it turned out that guarantors led by the nonbanking financial organization (LKBB) Merincorp were willing to guarantee only 25 billion rupiahs. Why? Djoko Wibowo, head of Merincorp, was unwilling to reveal the reason when he was contacted by TEMPO.

Several sources among money and securities traders speculate that Merincorp's concern is related to experience in the sale of bonds on the exchange during the last 3 months. Problems were felt beginning with PT Jasa Marga bonds. Besides their considerably large total of 75 billion rupiahs, the coupons of 17 percent per year were not that special. (Note: A coupon is an instrument for claiming payment of bond interest, usually one coupon

for claiming 3 months' interest.—Editor) In the previous month, however, the leasing company Bumi Daya IBJ had sold bonds valued at 10 billion rupiahs with coupons at 18 percent per year.

As a result, guarantors led by Bank Bumi Daya had to sell some of the Jasa Marga bonds on secondary markets at a loss. Thus, sales continue to be difficult, because in August there also appeared 60 billion rupiahs' worth of bonds from PT Astra International with 18.5 percent coupons, followed by 25 billion rupiahs' worth from PT Uppindo with 17.75 percent coupons.

6942

Rudini Sees No Problem in Opening Up East Timor

42130008e Jakarta *SUARA KARYA* in Indonesian
15 Sep 88 pp 1, 11

[Text] Jakarta, *SUARA KARYA*—The Department of Home Affairs [DEPDAGRI] has promised the opening of the Province of East Timor as a Christmas present for the people of that area. Openness is needed for the economic development of East Timor in order to attract constructive potential from outside for the sake of improving the welfare of the people.

MENDAGRI [Minister of Home Affairs] Rudini said this in reply to a reporter's question at the DEPDAGRI in Jakarta on Wednesday [14 September]. "DEPDAGRI has no problem in opening East Timor. Our apparatus is ready. Also, the commander of ABRI told me that there is no further question from the defense and security aspect regarding the opening," Rudini declared.

He explained that by the end of this year it is hoped that East Timor will be as open as other areas in Indonesia. Rudini acknowledged that implementation of this is not yet certain. "Let us pray that the opening of East Timor can be implemented immediately and can be a Christmas present to the people of East Timor, who have long yearned for it," he said.

He said that in support of the opening several regulations felt to be hindrances to that objective may be rescinded immediately. The MENDAGRI will speak officially to DPR [Parliament] Commission II in connection with this on 22 September.

According to Rudini, openness actually has been the policy of the East Timor PEMDA [Regional Government] since its integration with the Republic of Indonesia. The policy had never been published, however, because the PEMDA was busy restoring itself and performing various types of consolidation to establish regional stability in a number of sectors of life so that the offers of potential from the outside would not have a negative effect.

The desire that East Timor be opened was expressed by East Timor Governor Mario Viegas Carascalao on 18 June 1988 after calling on President Suharto at the Bina Graha. He stated his hope that East Timor could progress quickly to overcome its backwardness among the other Indonesian provinces. His desire received a positive reception from a number of parties.

The MENDAGRI said that with the opening of East Timor he hoped for an exchange of development cadres from East Timor to other provinces and from other provinces to East Timor. The people of East Timor will thus feel equal to their brothers in the other provinces. "The East Timor people will truly feel that the other provinces are also their homeland," he said.

Expressing his pleasure, Rudini said the progress East Timor has achieved in development is impressive. As a province whose people are very backward in comparison with other Indonesian provinces, the East Timor people and regional government are busy developing their region, overcoming the backwardness inherited from colonial rule.

6942

Suharto Requests Limit to Number of Plywood Factories

42130008a Jakarta PELITA in Indonesian 8 Sep 88 p 1

[Excerpt] Jakarta, PELITA—President Suharto has asked that issuance of permits for new plywood factories be stopped, since the 120 existing factories are deemed enough.

"Don't issue any more. There has to be a limit for the sake of balance between forest products and processing and for protection of the environment, too," the president told a meeting of the Limited Cabinet for EKUIN [Economy, Finance, and Industry] Matters, according to Minister of Information Harmoko's statement to reporters on Wednesday [7 September].

In the meeting, which was held at the Bina Graha, the head of state emphasized again that the exploitation of forests must be in compliance with existing regulations or rules. Therefore, HPH [forest exploitation concession] holders must comply with rules such as those requiring aerial mapping, selective cutting, and reforestation. "HPH holders must continue to be responsible for reforestation," said Harmoko, quoting the president.

6942

Muslim Leaders Concerned About Education Bill

42130008c Jakarta PELITA in Indonesian
12 Sep 88 p 12

[Text] Jakarta, PELITA—The MUI [Indonesian Muslim Scholars Council], leaders of Islamic community organizations, and education specialists have expressed their

concern over the inadequacies of material in the RUU PN (Draft Law on National Education). This concern is accompanied by a pessimism that the aspirations of the people will not be reflected in the results of the work of the PANSUS (Special Committee) to be formed on 23 September.

Several national education questions were brought up by the chairmen of community organizations and Islamic bodies in an Islamic brotherhood communications forum held by the MUI at the Istiqlal Mosque in Jakarta on Friday night (9 September).

Engr Herman Widyananda, leader of the HMI (Islamic College Students Association), frankly described to the forum his experience in a dialogue with three DPR [Parliament] factions in a meeting for expression of public opinion on the RUU PN. At the least, there are DPR members who want religious education to be informal. Those who do not want religious education to be included in the national education format consider religion to be a specific subject, which thus does not need to be incorporated in education that is general in nature.

In light of that fact, an assurance that religious education will continue to be guaranteed is of course not enough if the guarantee is not incorporated in a law with clear provisions.

Article on Religion

MUI General Chairman K.H. Hasan Basri said in the forum that Minister of Religion Munawir Syadzali and MENDIKBUD [Minister of Education and Culture] Fuad Hassan had agreed there should be a separate article on religious education in public schools and religious schools.

After that, Ismael Hasan, an Islamic preacher who also belongs to DPR Commission IX, which handles the education sector, said that the PANSUS will have the main voice, although at least two factions, the FKP [GOLKAR Faction] and ABRI, have declared the importance of including religious education as a curriculum and of restoring educational goals to what they are in the GBHN [Broad Outline of State Policy].

The audience appeared distressed on hearing Ismael Hasan's statements on the formation of the PANSUS on 23 September.

H.M. Yunan Nasution, of the Islamic Preaching Council, Jakarta, said the important thing actually is not the rapid realization of the UU PN [National Education Law] but the adequacy of the law for the interests of the nation. Because the UU PN of 1950 is still relevant, there is no urgency.

6942

Suharto Urges Credits for Clove Growers
42130008d Jakarta SUARA PEMBARUAN
in Indonesian 14 Sep 88 p 1

[Text] Jakarta, 14 Sep—President Suharto has instructed Minister of Agriculture L.R. Wardoyo to find banks to give credit to clove growers. Such credit is very much needed because the price of cloves is now on the decline.

Minister of Agriculture Wardoyo said this to reporters after reporting to President Suharto at the Bina Graha on Wednesday [14 September].

Because of the current decline in the price of cloves, there is fear that the care of clove trees will be greatly reduced, in spite of the fact that much effort is needed during large harvest seasons like the present one. If growers do not care for the trees, it is feared that production will fall next year. Credit for growers is therefore very urgent, Wardoyo said.

In this way, he said, growers will not be in a hurry to sell their cloves, since their need for funds will have been met through the bank credits.

KUD [Village Unit Cooperative]

The minister hoped that KUD's will help in the handling of credit and will store some of the cloves as collateral. When prices permit, the cloves can be sold for the accounts of the growers who used credit.

When asked which banks would be appointed to channel credit to clove growers, Wardoyo said the matter is still to be discussed with the minister of finance. It is clear that the bank with the most branches in the provinces is the People's Bank, he added.

The head of state gave instruction to provide credit, said Wardoyo, after receiving reports on declining clove prices from regents on various occasions.

On Tuesday, 13 September, the price of cloves was 2,500 rupiahs per kilogram in Lampung and 1,800 rupiahs per kilogram in Luwuk, South Sulawesi, the minister said.

6942

Bengkulu Short of Workers
42000002c Jakarta ANTARA NEWS AGENCY
in English 31 Aug 88 pp 4, 5

[Text] Jakarta, 31 August (ANTARA)—Bengkulu is now short of 10,000 workers as the expanding commodity plantations in the province needs workers from other provinces, Bengkulu Governor Suprpto said here on Tuesday.

The governor told newsmen after he met with President Suharto that there are about 180,000 ha of plantations found in the province at present and the commodity estates will be expanded to 200,000 ha next year.

Most commodity plantations in Bengkulu, consisting of those run by private and state-owned companies, are currently short of workers, the governor said.

In his directives, President Suharto has recommended the implementation of the nucleus estate for smallholders (PIR) scheme in the development of commodity plantations involving self-initiative transmigrants.

Suprpto reported to the Head of State the realization of development programs in the province in the current Pelita IV (fourth five-year development plan), including the development of the Padang Baal port.

Among potential export commodities available in plantations in Bengkulu include coconut, oil palm, rubber, cocoa, and ginger.

/9604

Minister Says Rice Self-Sufficiency Harder To Sustain
42000002b Jakarta ANTARA NEWS BULLETIN
in English 6 Aug 88 p A1

[Text] Jakarta, 6 Aug (ANTARA)—Minister of Agriculture Wardoyo has admitted that the effort to sustain country's rice self-sufficiency is more and more heavier as it is racing against growing rice consumption, decreasing ricefields and unfavourable climate condition.

"Decreasing percentage of rice production in the last 2 years compared with that of the population growth rate has forced us to strive to boost rice production," he told newsmen here Friday.

In 1986 the country produced only a total of 26.784 million tons of rice, or an increase by 1.78 per cent compared with that of the previous year, and in 1987 the country's rice production reached 27.253 million tons or increased by 0.88 per cent compared with that of the 1986's production, while the population growth rate was more than 2.0 per cent, the minister said.

The increasing consumption of rice in the country is not only caused by the growing number of population, but also due to the improving income of the people. In facing such a situation, and in order to sustain rice self-sufficiency, he went on, this year's rice production has been projected to reach 28.342 million tons or about 159.83 kgs per capita.

In addition to racing against increasing rice consumption, Minister Wardoyo said, development of rice planting in Java's fertile ricefields sometime is faced with other profitable agricultural commodities grown by farmers.

However, the minister is still optimistic that Indonesia would be able to maintain rice self-sufficiency this year provided that there would be no unfavourable weather.

His optimism was based on the fact that intensification program for the 1987/88 planting season has reached 68.55 per cent or 2,121,737 hectares of ricefields. It means that total paddy planting acreage included in the intensification program increased by 2.0 per cent compared with that of the previous period.

/9604

Gas Discovery in Jambi

42000002a Jakarta ANTARA NEWS BULLETIN
in English 5 Aug 88 p A4

[Excerpt] Jakarta, 5 August (ANTARA)—Gas reserves with an estimated daily production capacity of 4,28 million cubic feet have been discovered by Trend Sumatera Ltd. at the Macan Gadang-1 well in the Pamai Teluk Block working area in northeast Jambi, Sumatera.

The Macan Gadang-1 exploration well, according to Pertamina's chief public relations officer KA Endin, here Friday, is located in an area in South Sumatera, some 120 km south of the Minyak Lirik field, or some 150 km southeast of the previously drilled Pamai Taluk-1 dry well.

/9604

Japan Gives Aid to Bus Company, Food Program
BK25101058 Vientiane KPL in English
0934 GMT 25 Oct 88

[Text] Vientiane, October 25 (OANA-KPL)—The Japanese Government is to provide the Lao Government with 525 million yen for the Vientiane Prefecture bus service project and foodstuff program.

The document was signed here yesterday by Soulivong Phasitthidet, deputy-minister for foreign affairs, and Japanese Ambassador to Laos Turuo Hayakawa.

According to a memorandum signed earlier in June this year between technicians of the two countries, the Japanese Government is to supply the Vientiane Prefecture bus project with 18 minibuses and 32 regular size buses. The 425 million-yen grant to this project will also be used for the bus depot and garage. The foodstuff programme receives the grant of 100 million yen. The project which will be started in 1989-90 will be completed a year later.

Delegation Departs for Visit to Sweden
BK1810095688 Vientiane KPL in English
0911 GMT 18 Oct 88

[Text] Vientiane, October 18 (OANA-KPL)—A Lao delegation led by Khamsai Souphanouvong, first deputy minister of economy, planning and finance, on October 15 left here for an official visit to Sweden at the invitation of the Swedish Government.

The purpose of the visit is to study the Swedish experience in socioeconomic management and to discuss the future development of the relations and cooperation between Laos and Sweden. The Lao delegation will meet with the authorities of the Swedish International Development Authority (SIDA) to discuss the matters. The Swedish side will also be informed about Laos' foreign investment policy.

Seeing the delegation off at the airport were deputy-ministers of economy, planning and finance and other officials concerned.

Also on hand at the airport was Torvald Akesson, charge d'affaires the Swedish Embassy in Laos.

**Restrictions on Chinese Business Trips to PRC
To Remain in Effect**

42050003e *Selangor SIN CHEW JIT POH in Chinese*
20 Sep 88 p 1

[Text] At present the government has no intention of abolishing the restrictions on Chinese businessmen traveling to the PRC.

However, Trade and Industry Minister Datin Paduka Rafidah pointed out that the government is continually studying this matter and that at an appropriate moment, certain restrictions may be relaxed.

Datin Paduka Rafidah also indicated that the government recently decided to speed up the handling of applications submitted by China's businessmen to visit Malaysia for the second round.

The minister was replying to questions submitted by Lin Geok Chan, president of the Selangor-Kuala Lumpur Chinese Chamber of Commerce.

In its general meeting on 25 June, the Chinese Chamber of Commerce adopted several resolutions, including the submission of a letter to the trade and industry minister to convey the wishes of its members. One of the resolutions passed was to urge the government to relax the restrictions on Chinese businessmen traveling to the PRC with the view to freer contacts between businessmen of the two countries.

Another resolution was to request the government to grant equal treatment to domestic investors while striving to attract foreign investment. The trade and industry minister pointed out that the government does not discriminate against local investors and that both domestic and foreign investors may enjoy equal encouragement and reward provided by the government.

She said that if they fit the conditions, all domestic and foreign companies may enjoy the 1986 Investment Promotion Act and the awards for industry and tourism as stipulated in the 1967 Income Tax Act.

9300/08309

Kim Sai: MCA Won't Compromise on Chinese Schools

42050003d *Selangor SIN CHEW JIT POH in Chinese*
18 Sep 88 p 4

[Excerpts] MCA [Malaysian Chinese Association] Deputy President Lee Kim Sai today asserted that in dealing with the problem of Chinese primary schools, his party's stand of defending Chinese schools remains firm as always and no compromise is tolerated.

He said that although the overall Education Act amendment bill has not been presented to the Cabinet for discussions, the MCA's stand within the National Front

government is clear, that is, any amendment to the Education Act shall not endanger or rob the Chinese of their rights and interests, or change their character.

He said that based on the wishes and standpoint of Chinese society, the MCA has taken the initiative in proposing the amendment of the 1961 Education Act, Section 21 (2). He added that the government is making a comprehensive review and amendment, because the existing Education Act is no longer appropriate to the times.

"At the present stage, as the Education Act has not been officially amended or discarded, the MCA has an unshirkable duty to stand at the forefront to safeguard Chinese schools and to make sure that Section 21 (2) of the said act will not be abused," Datuk Lee said.

9300/08309

**Muslim Leaders React to Resignation of PAS
Vice President**

42130010B *Kuala Lumpur UTUSAN MALAYSIA*
in Malay 16 Sep 88 p 7

[Text] Kuala Lumpur, 15 September—PAS [Partai Islam Se-Malaysia—Pan-Malaysian Islamic Party] leaders received the news of Vice President Haji Nakhaie Ahmad's resignation with mixed emotions—some were startled and some felt it was time.

Last night Haji Nakhaie announced his resignation from all the positions he holds in that party including Central vice president, chairman of the Central Information Bureau, commissioner of the Federal Region PAS, president of the Batu Region PAS, deputy chairman of the Central PAS Foreign Affairs Department, and member of the PAS Ulema Executive Council.

He resigned because he was dissatisfied with the mismanagement which he alleged governed that party.

The Kelantan PAS said it was surprised at Haji Nakhaie's resignation.

Haji Nik Abdul Aziz Nik Mat, the commissioner of that state's PAS, reported to BERNAMA [Malaysian National News Agency] in Kota Bharu that the reason offered by Haji Nakhaie for his resignation was "an expression of his own strong feelings."

He said if the allegation were true that Haji Nakhaie found the party's management to be poor, he should not have resigned because this would not help solve the problem.

"No organization created by man can possibly be free of faults, let alone a political organization," he said.

Haji Nik Abdul Aziz said it would have been wiser for Haji Nakhaie to resolve the faults and weaknesses in the party, if there were any, through discussion.

Asked whether the resignation would have any effect on the PAS struggle, Haji Nik Abdul Aziz said, "Only Allah the Great knows, but all PAS members must pray that it will have no impact on the party struggle."

Haji Nik Abdul Aziz, who also is the chairman of the PAS Ulama Council, said he had been informed that Haji Nakhaie was trying to obtain admission to the Al-Azhar University in Egypt to obtain his PhD.

"If he resigned because he wanted to continue his education, his decision should be respected," he said, hoping that PAS members in the country would view the resignation positively and pray for the successful completion of his studies.

In Alor Setar, PAS Vice President Haji Fadzil Noor declined to comment on Haji Nakhaie's decision.

He told newsmen that the task of issuing a statement on this matter would be turned over to Haji Hassan Shukri, the party's secretary general.

He, who also is the Kedah PAS commissioner, denied that the meeting in the state PAS office here yesterday afternoon was held to discuss Haji Nakhaie's resignation.

In Ipoh, Mr Azizan Mohamad Desa, Perak PAS commissioner, said he was not surprised by his resignation.

"I was not surprised by it because it had been reported earlier that Haji Nakhaie would continue his studies at an Egyptian university," he said.

When contacted, Mr Azizan said Haji Nakhaie had already registered at a university in that country.

"I hope PAS members in this state will not be concerned, and I pray that Haji Nakhaie succeeds in his studies," he said.

When asked about the party's management in Perak, the PAS commissioner of that state said all party programs were being carried out, and administration was proceeding normally.

In Kuala Terengganu, Haji Mustaffa Ali, state PAS deputy commissioner, said it would be unwise of him to comment before a statement about Haji Nakhaie was issued by the central-level leadership.

Haji Mustaffa, who also is the Central PAS treasurer, said he would only issue a statement after a party senior leader, such as Haji Fadzil Noor, made one.

Armed Forces To Remain Depoliticized

42130010A Kuala Lumpur *BERITA HARIAN* in Malay
16 Sep 88 p 1

[Text] Kuala Lumpur, Thursday [15 September]—Any attempt to use the Armed Forces for political purposes would create an unfortunate situation, such as turbulent or unstable conditions, said General Tan Sri Hashim Mohd. Ali, Armed Forces commander.

This has happened, he said, in several countries where military forces have been used for these purposes.

In this connection, he explained that the armed forces were neutral in regard to politics and would always remain neutral.

All ranks of armed forces personnel, he said, agree to protect the institutions as well as the existing governmental system and, in addition, hold firmly to the principle of the pre-eminence of civil law and the Constitution.

"Therefore, my loyalty, and that of the commanders as well as of all officers and men of the Armed Forces, to the government which administers this country, the raja, and the country should not be questioned," he declared in his message delivered on Malaysian Radio and Television hailing tomorrow's celebration of the 55th Armed Forces Day.

Wasteful Institution

He also explained that the people's attitude toward the armed forces must be improved so that society will not be influenced by certain groups who speak of the army as an institution that wastes the country's money.

He said the people should not feel that the armed forces are needed only during an emergency, a war, or when the country is faced with any other danger.

Gen Tan Sri Hashim reminded his audience that history has proved that a strong power has frequently used weak parties as a tool, particularly along these shores in a troubled decade.

"We must make preparations to face this troubled situation along our shores so that the country's interests can be protected from any threat that may affect the security of this region," he said.

According to the general, the presence of military forces of big powers which pay no attention to Malaysia's desire to create a peaceful, free and neutral zone (ZOPFAN) clashes with this country's interests.

Therefore, he said, Malaysia must make preparations to face an unsettled regional situation so that national interests can be protected from any threat.

"We must not take the attitude that we should make preparations only when a threat arises because aggressors will not warn us before they become aggressive," he said.

In this connection, Gen Tan Sri Hashim said the government decided to increase military capabilities, especially maritime and air defense and army firepower.

He explained that the decision to raise these military capabilities was taken with no intention of threatening anyone but to strengthen the military so that the armed forces would be able to influence the decision-making process of our national administration.

Paper Optimistic About Relations With Singapore
42050002a Kuala Lumpur *NANYANG SIANG PAU*
in Chinese 26 Aug 88 p 2

[Editorial: "Malaysia-Singapore Relations Enter New Phase"]

[Text] Tracing back Malaysia-Singapore relations in the early days, Singapore Prime Minister Lee Kuan Yew said that 10 years ago, he and then Deputy Prime Minister Dr Mahathir reached a mutual understanding concerning noninterference of each other's internal affairs. This included refraining from supporting opposition forces and bringing to an end counterintelligence activities in each other's country, thereby bringing the relationship between the two countries to the right track. After the parting of the ways in 1965, Singapore's bitter experiences within the Malaysian Federation left over knotty problems and psychological obstacles to the bilateral relationship which have been gradually resolved today, thanks to the frank and sincere negotiations initiated by the prime ministers a decade ago.

After Datuk Sri Dr Mahathir assume the prime ministership, Malaysia-Singapore relations were improved and strengthened one step further, sweeping away the mutual distrust in the early days of the breakup. At present, Singapore is holding a general election, and the second-generation leaders are ready to take over state power, so this Malaysia-Singapore relationship finds itself at a watershed. However, no matter whether it is viewed from the short-term actual signs or from the traditional factors of the two peoples, the further consolidation and closeness of the bilateral relationship may be optimistically expected.

In the past 10 years, faced with the dangerous situation of geopolitics and under the collective coordination of the ASEAN members, the two countries have adopted common ground in providing positive factors for the security of the region. In matters of the economy and the people's livelihood, they have always relied on each other like lips and teeth; after the breakup, each country naturally adopted a policy of economic development best suited to its own geographic resource conditions, but the pattern of mutual help and cooperation has been followed continuously up till now. The steady maturity

of political leadership, plus the international economic and trade environment to the point of pressure, has forged the two countries' relations on grounds of equality and reciprocity to a firmer foundation.

After Japan and the United States, Singapore is Malaysia's largest trading partner. Not only do our companies sell their commodities to Singapore directly, but they also utilize its fine, traditional transshipment position to market their products overseas. The two-way trade between Malaysia and Singapore exceeded M\$20 billion last year. Singapore has been attracted by Malaysia's excellent position in raw materials and labor market, and in the past 5 years its business firms have crossed the Causeway to invest their capital in large quantities. By the year before last, Singapore became the second largest foreign investor, the total amount reaching more than M\$88 million and still growing considerably.

In recent years, the cooperation between the two countries in the fields of economic development and fundamental planning has become closer and closer. For example, at the end of June this year a memorandum of understanding was signed in Kuala Lumpur pertaining to the increase in the supply of untreated water for Singapore, to Malaysia's approval to build an additional pipeline to directly supply natural gas to Singapore and the launching of ferryboat service between the two countries. The federal government is planning to develop Johore Bahru which is separated from Singapore by a narrow strip of water, including the expanded construction of the New Johore Causeway and the building of tourist facilities.

Contacts between the leadership of the two countries have clearly become closer in recent years. Toward the end of last month, our supreme head of state traveled down south across the Causeway for a three-day formal visit to Singapore. In addition to their mutual visits in January and June this year, Dr Mahathir and Prime Minister Lee Kuan Yew had talks during two international summit meetings in Vancouver and Manila, to say nothing of the mutual visitations between the ministers of the two governments. To facilitate communication with Malaysian officials, Singapore is encouraging its functionaries and foreign service officers to master the Malay language.

During his visit to Singapore, our head of state expressed hopes that the second-generation leaders of both countries cooperate closely, which would be conducive to the long-term fine relationship between Malaysia and Singapore. During the general election in Singapore, the elder generation of the People's Action Party withdrew en masse, and it is evident that Prime Minister Lee Kuan Yew will soon become the first elected president. Signifying a good foundation, the contacts between our government leaders and Singapore's new leadership under Goh Chok Tong have already set a good foundation. The leadership of our National Front is considerably stable, and it is expected that the Singapore general election will

not change the ruling position of the People's Action Party. The leaders of both countries are all firm and steady statesmen. There is no doubt that the prospects of equal and reciprocal relationship which has been developed by the two countries in recent years are bright.

9300/08309

GERAKAN Official Foresees Major Political Change

42050003c Selangor SIN CHEW JIT POH in Chinese
18 Sep 88 p 9

[Excerpts] Dr Goh Cheng Teik, former deputy agriculture minister, predicted that should members of the old UMNO and new UMNO continue quarreling with one another, there will be a major political change after 1990, including the presence of powerful Malay opposition party members in Parliament.

Dr Goh, who is himself an MP, believes that the political situation around 1990 will be under the influence of the split of the bickering factions of the UMNO.

He said that if the UMNO split drags on, the opposition faction headed by Tunku Razaleigh is expected to form an opposition front to replace the existing opposition party headed by Chinese elements.

Dr Goh, holder of a doctorate degree in political science, is also an important figure in the Malaysian People's Movement [GERAKAN].

He made the above remarks during a speech at a seminar in North Malaysian University the night before last on "The Direction of Malaysian Politics After 1990."

He predicted that after 1990, Malay political power will continue to control the government.

Goh Cheng Teik pointed out that National Front member parties, such as the MCA, GERAKAN and the MIC will have their position affected by the development in the UMNO, because these parties won their votes in electoral districts where the majority of the inhabitants are Malays.

9300/08309

DAP Chief Talks About Current Political Situation

42050003b Kuala Lumpur NANYANG SIANG PAU
in Chinese 16 Sep 88 p 8

[Text] DAP President Chen Man Hin, MP, openly admitted that the political situation and environment to form a two-party system in our country is still premature, therefore he expressed hope that all opposition parties could start working for the formation of a "united front."

He added that the DAP does not object to the idea of Datuk Shahrir, MP (Johor Baru), leader of the old UMNO, holding talks with leaders of the new UMNO for possible rapprochement and cooperation.

Analyzing the situation, Dr Chen said that although the old UMNO firmly wants to stick to its struggle objectives for safeguarding Malay interests, yet this party and the DAP hold common stand in so far as upholding judiciary independence, democratic human rights and opposition to the ISA.

Dr Chen believes that his party's decision to pull out of the Johor Baru by-election did not violate the party's principles or objectives, but to give unconditional help to Datuk Shahrir in his election campaign. He said that the main purpose was to admonish the prime minister.

He said that if leaders of the old UMNO are willing to have a detente with the present UMNO leaders, this would help push forward some policy reform, which should deserve approval.

He explained that the idea of a two-party system is a new concept his party is trying to create, but under the prevailing situation and circumstances, such a policy reform is still inopportune.

He believes that the Malays' struggle for Malay interests and unity does not contradict with the rights and interests of Malaysian people. He even believes that Tunku Abdul Rahman and Hussein Onn, both of the old UMNO, are moderate and open-minded leaders who agree that political prisoners detained under the ISA Act should be set free.

With regard to the Parit Raja, Johor, by-election, Dr Chen said that his party has not decided whether to campaign or not, perhaps to take part in it but without fielding any candidate.

He believes that the Parit Raja by-election is different from that of Johor Baru, for the former is an electoral district dominated by Malays.

Dr Chen made the above remarks during a talk with reporters after attending a meeting with villagers in a Negeri Sembilan town last night.

9300/08309

DAP Leaders' Independence Day Remarks

Chen Man Hin's Remarks

42050002c Kuala Lumpur NANYANG SIANG PAU
in Chinese 31 Aug 88 p 8

[Text] Dr Chen Man Hin, president of the Democratic Action Party [DAP], urged Prime Minister Datuk Sri Dr Mahathir to release, on the occasion of Malaysia's National Day, all remaining detainees who were rounded up during the police crackdown last October.

In his National Day message, Dr Chen, MP, pointed out that recently Dr Mahathir said Malaysia enjoys democracy and freedom, and that setting free the detainees would serve as a practical example of his sincerity.

Dr Chen stressed that democracy is a nation's lifeline without which all national wealth and material prosperity would be meaningless. The people may be well-fed and well-clothed, but if their thinking is rusty and backward, the country would lose its honor and glory and become weak in no time.

"In recent years, thanks to the increase in price of our raw materials, there are signs of economic revival in our country. Our economic growth rate this year is estimated at 7 percent, which augurs well for development of national planning and people's livelihood. However, we believe that our economic upturn should be accompanied by recovery in political and cultural fields. Only this way can we claim to have healthy national conditions," he said.

Dr Chen indicated that the National Front government's continued detention of party, religious and human rights organization leaders, particularly opposition leader Lim Kit Siang, as well as other people's representatives—all this shows that the government is suppressing the voices and aspirations of the people, at the same time exposing the fact that our country by no means practices democratic freedom.

Dr Chen also pointed out that last week's Johor Baru by-election carried a special significance. The ignominious defeat of the National Front candidate reflected Johor Baru voters' dissatisfaction over the government's perverse policies. Based on the democratic spirit, the National Front government should humbly accept the verdict of the Johor Baru populace. To a great degree, their adjudication represented the inner voices of many citizens. Therefore, the government should speedily reexamine its policies which run counter to civil rights and encroach upon democratic freedom and judiciary independence.

Lee Lam Thye's Remarks

42050002c Kuala Lumpur *NANYANG SIANG PAU*
in Chinese 31 Aug 88 p 8

[Text] DAP Acting Secretary General Lee Lam Thye said that the only way for the government to solve all current problems is to restore democracy and human rights.

He said that the government should release all persons detained under the ISA [International Security Act] and get rid of autocratic laws.

These comments were made in his Independence Day message.

Lee Lam Thye said that while the nation is celebrating its 31st National Day, all Malaysians, especially government leaders, should review how much unity we have achieved in the past 30 years.

Such an examination would enable the government to discover how many among its reconstruction policies have succeeded and how many others have failed, or even have completely failed.

"As we observe our 31st founding anniversary, the problems being faced by our country concerning the future of democracy, and how the government deals with it, will have a far-reaching effect.

"Our country is still faced with the crisis of confidence, the root of which can be traced back to the series of unhealthy events breaking out in the past 24 months.

"This crisis of confidence has been the main reason for obstructing our economic revival. Although prices of our primary products were on the rise, the speed and thrust of our economic upsurge fell below our ideals.

"Although the DAP is an opposition party, yet its loyalty toward the nation does not fall behind any other's. The DAP keeps striving to make this country a successful multinational society and it is ever-ready to play a constructive role in helping the government solve the confidence crisis.

"The government should also respect democracy and the rule of law, and not make them targets for unreasonable attacks," Lee Lam Thye concluded.

9300/08309

Paper Views Labor Act Amendment

42050003a Kuala Lumpur *NANYANG SIANG PAU*
in Chinese 16 Sep 88 p 2

[Editorial: "Labor Act Definitely To Be Amended"]

[Text] After brewing for a long time, the Labor Act amendment bill was finally adopted by the Cabinet at its meeting last Wednesday. The government's overall amendment of the laws affecting labor affairs carries a profound and lasting meaning. The most gratifying thing is that in the amendment process, the government allowed labor and management representatives to take part and bring up opinions in the negotiations, with all three parties amply displaying their sincere negotiating spirit. After the amendment work was completed, labor-management relations throughout the country became more orderly, which in turn turned the investment atmosphere more attractive and promoted a speedier and steadier growth for our economy.

The amendment bill just passed will be handed over to the Statute Administration Department for transcription to be presented by the government to Parliament for

discussions on 10 October. Originally, the government planned to present the amended bill last March, May, and July, but it was repeatedly postponed mainly because the government wanted the delegates from labor and management to reach a long-range understanding first of all. In the meantime, the Cabinet set up a high-level committee headed by Deputy Prime Minister Ghafar Baba to supervise this matter, an indication that the government has attached great importance to the study of amending the Labor Act.

The amendment draft passed by the Cabinet comprises 33 articles and involves 3 acts: the 1959 Labor Union Act (12 articles), the 1967 Industrial Relations Act (7 articles) and the 1955 Employment Act (14 articles). All proposals repeatedly brought up to the All-Malaysia Labor Consultative Council meetings and fiercely opposed by either the labor or management side have been scrapped or replaced with articles which are acceptable to both parties. Labor Minister Lee Kim Sai, in a meeting with reporters, asserted that all articles detrimental to labor are not incorporated into the amendment bill.

Among the original amendment proposals excluded from the bill are the following: managerial-level personnel are not permitted to join a labor union; the realm of "required service regulation" is to be expanded to include all government departments and legal institutions; lawyers and legal advisors are prohibited to appear in industrial court as representatives of labor or management; and the government has the right to issue "implementation rules" for freezing or raising salaries. The passed draft law makes a minor revision to the definition of an internal labor union within companies and reserves the administrative procedural facilities granted to such an internal labor union. The new articles will reduce the service years of a worker to be qualified for a union job from 3 to 1 year, so that the Labor-Employer Federation can be legalized as an organization for labor affairs. All this is aimed at strengthening the rights of the workers.

The stipulation which attracts the workers' greatest attention involves the computation of wages for overtime job. The hourly wage for Sunday or day of rest is reduced from three times to twice the normal wage, while for public holidays it is reduced from 4 ½ times to 3 times the normal wage. This stipulation was already agreed upon by the labor delegates in the All-Malaysia Labor Consultative Council meeting on 28 July. As this does not involve basic salary and wages, the union delegates regard this reduction as a minor concession.

During the negotiation process, the item most fiercely debated concerns the definition of wages. The labor minister failed to make a clarification about this point at his briefing yesterday, therefore it remains a riddle. The employers hope that bonus, shift allowance and commission not be included as wages, so that the workers would regard all these extras as encouragement toward production. Judging by the wages for overtime work (which

does not include the above-mentioned allowances), the employers' suggestion has been accepted by the government (and labor unions, too). Perhaps the government wants to follow this roundabout way to resolve the predicament of fixing a clear definition of wages.

Certain demands of the workers, especially public affair circles, remain unsolved, but leaders of the Federation of Labor Unions and the Federation of Civil Servants have expressed satisfaction over the adopted amendment bill. To improve the climate for foreign investment, reduce labor costs to strengthen the healthy growth of the nation's economy, the government must make a comprehensive examination and amendment of the Labor Act. The rate of unemployment in our country has reached more than 10 percent, so attracting more foreign investment will create more job opportunities and bring benefit to workers. The authorities have completed their work through consultations with labor and management delegates. The amended Labor Act not only will stimulate economic growth, but will indirectly attain the fundamental objectives of safeguarding the interests of the workers.

9300/08309

Editorials Comment on Outcome of Johor Baru By-Election

Sin Chew's Comment

*42050002b Selangor SIN CHEW JIT POH in Chinese
27 Aug 88 p 25*

[Editorial: "Shahrir Wins Johon Baru By-Election"]

[Excerpts] At an unusually significant Johor Baru by-election held yesterday, independent candidate Datuk Shahrir was reelected member of Parliament for the fourth term by a majority of 12,613 votes—an outcome that shocked many political observers who had anticipated a close battle.

Shahrir's victory will deal another blow to the UMNO's factional war and political trends in the future. In the wake of the failure of the old UMNO's effort to restore the legal position of the 1946 UMNO through the court, it was surprising that Shahrir, representing a pillar of the old UMNO, could still win the Johor Baru battle by a crushing majority vote. Apart from his personal reputation, Shahrir's triumph indicated that the old UMNO's latent strength in the Johor Baru region is not to be taken lightly. However, its strength in other regions remain to be tested.

This time around, the Democratic Action Party [DAP] decided to pull out of the contest and to openly support Shahrir, a move likely to win over many votes from Chinese electors who were vacillating about the situation. Furthermore, Tunku Abdul Rahman, Malaysia's national father, entered into the fray, delivering an inspiring speech on the very election day and rooting for

his protegee; former deputy prime minister Musa [Hitam] showed up; Tunku Razaleigh, an important figure in the old UMNO, and Tan Sri Othman, formerly Johor Chief Minister, also lent their hands—thereby giving the three-term Johor Baru MP Shahrir a big boost.

Long before the by-election was to be held, the old UMNO had taken the offensive and forced the new UMNO to accept the challenge by putting up a relatively unknown candidate. The situation was entirely different from the circumstances under which the National Front would choose the most favorable conditions for announcing the holding of a general election.

During the campaign period, although the government announced a series of good news, such as the appropriation of M\$300 million for Johor Causeway expansion, approval for the creation of the Southern Campus and granting of a site for a Chinese primary school (which has been dragging on for 18 years), all this failed to touch the voters' hearts. In essence, the Johor Baru by-election dramatized the continued factional way within the UMNO, which diverted the voters' attention from the Johor Baru development. In other words, it is not that these voters do not want unity and stability, but that they just wanted to set these things aside for a while. It was natural that emotional votes play a role in a by-election which is marred by factional fight and personal grudges. Therefore, it was not surprising that some voters ignored important national issues.

Ignoring "earnest advice," the Parti Socialist Rakyat Malaysia [PSRM] entered into the fray, believing that it could benefit from the bickering between the old and the new UMNO. The result was that it suffered an ignominious defeat. The party's deputy chairman, a lawyer named Abdul Razak, had already been beaten in three previous contests. As a "usually-beaten general," he has only himself to blame, and after this defeat, it is time for him to make a self-examination.

No doubt, Shahrir's repeated winning of the people's mandate serves well as a cardiac stimulant to revive what the old UMNO leaders call the fighting spirit of "UMNO 1946." However, the National Front government has reaffirmed that, no matter the outcome of the by-election in Johor Baru, it will not change its set policies, and all development plans beneficial to the people will be carried out as planned, and it will also safeguard national unity and stability. Several days ago, the prime minister indicated that, win or lose, he will not change his style of leadership.

The Johor Baru by-election clearly showed that our country's parliamentary democratic system remains strong, that the electioneering was fair, and that the voters' political awareness has become more and more

mature. During the campaigning period, differences in opinion were based on party and faction, but not on race, and the struggle for winning the votes was conducive to national unity. Whether the outcome of the Johor Baru by-election will or will not have far-reaching effects on our political situation, only time will prove.

NANYANG's Comment

42050002b Kuala Lumpur NANYANG SIANG PAU
in Chinese 27 Aug 88 p 2

[Editorial: "How to Treat the Outcome of Johor Baru By-Election"]

[Text] The result of the Johor Baru by-election, which evoked the attention of the nation, was announced early yesterday morning. By a majority vote of 12,613, independent candidate Datuk Shahrir crushed the National Front candidate Mas'ud Abdul Rahman and was reelected member of Parliament. Another candidate, representing the Parti Socialis Rakyat Malaysia [PSRM], Abdul Razak by name, got only 2,260 votes, and even his campaign registration money was confiscated. Shahrir's victory was not surprising, but what amazed one and all was the unexpectedly large number of votes he won, as well as Abdul Razak's collapse at the first blow.

Shahrir has held the MP position for three terms, always representing the National Front. At the by-election this time, because of the protracted infighting going on within the old UMNO and his reluctance to join the new UMNO, Shahrir sought a new mandate from the people by hoisting a banner for the restoration of "UMNO 1946." By virtue of ploughing and weeding in the past, Shahrir has planted a good reputation for himself, and at the same time developed many friends in the anti-new UMNO camp, including former Prime Minister Tunku Abdul Rahman and Tunku Razaleigh. Johor's old UMNO strongman, Datuk Musa Hitam, also made his appearance at the right moment during the by-election campaign and rooted for Shahrir, thereby strengthening the latter's position even before the contest was begun.

On the other hand, another factor which strengthened Shahrir's chance for victory was the support coming from the Democratic Action Party [DAP] which won over many ethnic-Chinese votes and reduced the votes for his opponents correspondingly, especially the steep drop in votes cast for Abdul Razak. Judging by the large votes won by Shahrir, it was clear that he enjoyed the support of voters of various nationalities, enabling him to win the battle handsomely.

To the National Front, unexpectedly losing the battle in this traditionally strong bailiwick was not only a big disappointment but also, as Chief Minister Datuk

Mahuddin pointed out, a good time to make a review of the causes for the defeat, by way of mending the fold even after some of the sheep have been lost. Judging by past experience, the National Front sometimes lost and other times won an election, so it will not feel alarmed at the outcome of the Battle of Johor Baru. The National Front's overwhelming majority position in Parliament is not affected by its defeat in Johor Baru, and there is nothing to worry about.

However, there is no denying that the success and failure in the Johor Baru by-election is not so simple as the plus or minus one seat in Parliament for the National Front. Its outcome carried a political significance and effect which goes beyond the perimeter of the electoral district concerned. It represented the first confrontation between the old and the new UMNO. While the by-election outcome cannot be taken as a yardstick to measure the strength of the two opposing factions, the psychological and morale blow it deals to both sides must not be underestimated. To say the least, members of Parliament who are anti-new UMNO are already feeling heartened, and if this should lead to certain MPs quitting their seats and clamoring for a by-election, that will not be a surprising development.

As a matter of fact, a result of a by-election cannot be taken as a reversal of public opinion toward national affairs. Therefore, the theme of Shahrir's propaganda, saying that holding the by-election was meant to seek a change in the existing government leadership is bragging and farfetched. There are 177 electoral districts in the country, and Johor Baru alone cannot represent public opinion throughout the nation, especially because many voters in Johor Baru, feeling dissatisfied with the status quo, were venting their spleen against the government in casting their ballots. Such things are normal. We believe that after reviewing the outcome of the Johor Baru by-election, the government's development policy toward Johor Baru will remain unchanged. Deputy Prime Minister Ghafar Baba once pointed out that the M\$300 million project to expand the Johor Baru Causeway and tourist facilities will be implemented as planned, election or no election. Similarly, we hope that the founding of the Southern Campus and granting of a site for the Pei Hua Chinese Primary School will be carried out according to plan.

The contest in the Johor Baru by-election was fierce indeed, with many high-ranking government officials making their appearances, including Prime Minister Dr Mahathir, to give a helping hand to their respective candidates. The atmosphere prevailing was tense, but the voting procedure went on smoothly, and everybody was free to speak out or win over votes. Counting of the votes cast was fair and aboveboard, an indication of a free, democratic by-election. It also proved that the democratic system in our country is alive and kicking.

Peaceful Settlement of Territorial Dispute With Philippines Sought

42130010C Kuala Lumpur UTUSAN MALAYSIA
in Malay 17 Sep 88 p 2

[By Aziz Ishak]

[Text] Kuala Lumpur, 16 September—General Tan Sri Hashim Mohd. Ali, commander of the Malaysian Armed Forces, said the boundary dispute between Malaysia and the Philippines should be settled diplomatically and not militarily.

He explained that any attempt made to settle the question militarily would harm both countries, and it also would be in total conflict with the ASEAN solidarity concept.

"I hope Malaysia and the Philippines will settle this problem peacefully through negotiation. It would be destructive if we used military force," he said when he met with UTUSAN after the Malaysian Armed Forces (ATM) Athletic Award Ceremony held here this afternoon.

He made this statement when he was asked to comment on the pressure felt by the Philippine Congress which caused it to pass harsh measures in response to a report that a Malaysian warship had intruded into the south Philippine territorial waters.

Fidel Ramos, the Philippines defense secretary, last night was reported to have said that Philippine Armed Forces had strengthened their defenses in a group of islands, which, according to Manila, were located in the south Philippines area and where a Malaysian warship was reported to have intruded 19 times this year.

Gen Tan Sri Hashim explained that Prime Minister Datuk Sri Dr Mahathir Mohamad's proposal that the Malaysian Government was prepared to settle this problem through negotiation proves that Malaysia has no evil intentions toward the Philippines.

At the same time, the ATM commander said the people of this country should not be concerned by this development, and he was confident it would be settled peacefully.

Asked whether it was true that a Malaysian warship had intruded into Philippine waters, Gen Tan Sri Hashim said, "As has been explained by the prime minister, our ship was in the national Malaysian charted area."

He, however, declined to comment on the Philippine Government's manifold strengthening of its military forces, including additional units and a warship, in the "Penyu Islands" Archipelago, located 430 km northwest of Tawi-Tawi, a south Philippine region reportedly claimed by Malaysia.

Gen Tan Sri Hashim also declined to comment on the statement of Corazon Aquino, the Philippines president, that her country was not prepared to launch a war against Malaysia and was seeking a way to settle the border problem diplomatically.

However, he was confident that the leaders of the two countries would be able to find a way to settle this problem and end the tension which has risen now to ensure that good relations are maintained between Malaysia and the Philippines.

Meanwhile in Manila, Manual Yan, acting secretary for foreign affairs, last night said the report that Malaysia entered the waters of six islands in the south Philippines was in error.

BERNAMA reported that Mr Yan informed a news conference that the military had erred in thinking that the navigation line in the U.S. navigation charts was the Malaysian boundary line.

He said this incident showed that government officials had to be careful and review their information before making such an important announcement.

Mr Yan pointed to the statements made by several government officials and leaders of the Congress, principally Senator Leticia Ramos Shahani, who accused Malaysia of entering the waters of six of the Turtle Islands, a group of islands in the Tawi-Tawi area of the Philippines.

Senator Shahani, chairman of the Senate Executive committee on Foreign Relations, urged the government to strengthen its defense of the southern portion of the country and present a diplomatic protest to Malaysia in connection with this incident.

Senator Shahani also asked the government to lower the level of diplomatic representation of the Philippines in Malaysia and recall Pablo Suarez, the Philippine ambassador, from Kuala Lumpur as a "sign of displeasure" with this affair.

She apologized for the allegations which she admitted were made to obtain guidance and were based on a misreading of the chart in question.

Acting Secretary Yan said the claims of senior military officers and the legislation on this matter were based on the U.S. navigation chart used by the international community as a navigation guide. The chart was given to Senator Shahani by Commodore Juanito Cortez of the 6th Naval District Station.

Senator Lorna Verano Yap, a colleague of Senator Shahani in the House of Representatives, said that Commodore Cortez erred in thinking that the line, identified as the shipping lane, was the line for the Malaysian border.

"I propose that we call Commodore Cortez to this House and ask him to explain this irresponsible step," she added.

Officials of the Foreign Office concurred that the "irresponsible statements" by a senior military officer and legislation related to this allegation endangered relations with Malaysia.

The foreign affairs acting secretary said the Defense Department would investigate this matter.

POLITICAL

Regulation on State Cooperation With Women's Union

*BK2510063588 Hanoi Domestic Service in Vietnamese
0500 GMT 20 Oct 88*

[Text] On 19 October the Council of Ministers issued a decision and promulgated a regulation clearly defining the responsibility of the administration at all levels for ensuring favorable conditions for all echelons of the Vietnam Women's Union [VWU] to participate in the management of the state.

The contents of the regulation read as follows:

1. All ministries, state commissions, and other organs of the Council of Ministers, and the people's committees at all levels—hereby collectively referred to as the administration at all levels—must hold discussions with the VWU at the same level when formulating state plans or considering policies aimed at solving socioeconomic problems concerning women and children. In the process of implementing these policies and plans, they must also discuss with the VWU if any important changes or amendments are to be adopted.

2. When carrying out studies aimed at elaborating, supplementing, or revising policies and laws concerning women and children—such as the policies on women laborers, on training women cadres, on childbirth, marriage, and family, and so forth—the administration at all levels must send relevant draft documents to or hold direct discussions with the VWU at the same level. With regard to important issues, the administrative organs must notify the VWU so that it may appoint its cadres to participate in the preparation and drafting of the relevant documents from the beginning. If there is disagreement in the process of document drafting, the organ responsible for the drafting must clearly report the different views to the organ empowered to promulgate documents for consideration and decision.

3. When setting up consultative organizations, committees, and councils whose activities mainly concern women and children—such as school enrollment, recruitment of laborers for local and overseas employment—or when solving problems bearing on the vital interests of women—such as land allocation, housing, commendations, disciplinary action—the administration at all levels must invite the VWU at the same level to appoint its representative to participate in such activities as an official member.

4. To create favorable conditions for the VWU to discharge its supervisory and control functions and to bring to light commendable deeds and mistakes in the implementation of the policies and laws concerning women and children, the administration at all levels must periodically coordinate with the VWU to hold meetings of women's representatives to obtain their

views on the implementation of the relevant positions, policies, and laws, and to expose policies or actions that infringe on the legitimate rights of women and children. When notified of or questioned by the VWU about any violations of laborers' interests and citizens' rights or about unfair treatment of women and children, the administrative organs concerned are responsible for studying and solving the problem and answer the VWU at the same level. Such answers must be forthcoming within 1 month after the VWU's inquiry is received. If the VWU does not receive any answer after 1 month, it shall report the matter to the next higher administrative echelon and the upper-level state authority.

The administrative organs concerned must assign to any units under inspection the responsibility to supply necessary data and documents for inspection when the VWU at various levels set up their own inspection teams to look into the problems relating to the interests, health, and living conditions of women and children. Administrative organs must invite VWU representatives to participate in their inspection teams when they investigate these problems. Concerning serious, urgent cases wherein women and children's lives are at stake, responsible organs must take measures to deal with them in a timely fashion when suggested by inspection teams.

5. The administration at all levels is responsible for creating favorable conditions for the VWU's activities, such as providing operating funds and working means according to established procedures, and promptly acting on the VWU's suggestions concerning the organization of production and services in strict accordance with state policies.

6. To ensure close coordination between the administration at all levels and the VWU, there should be periodic, direct working meetings between the VWU and administration at all levels. The Standing Committee of the Council of Ministers must hold a working session with the VWU Central Committee's Secretariat once a year; the standing committees of provincial, city, and special zone people's committees must hold working sessions with VWU standing committees at the same level once every 3 or 6 months; and the standing committees of precinct, district, village, and subward people's committees must hold working sessions with VWU standing committees at the same level once every 3 months. These meetings will be held in order to hear reports on the VWU's activities; on the feelings and aspirations of women of all strata; on the implementation of various systems, policies, and laws concerning women and children; and to discuss joint programs of action between administrative organs and the VWU.

7. The ministers, chairmen of the various state commissions, heads of other organs of the Council of Ministers, and chairmen of the people's committees from the provincial down to village and subward levels are

responsible for implementing this regulation. The Council of Ministers' Office is responsible for monitoring, summing up, and reporting the results of implementation of this regulation to the chairman of the Council of Ministers.

ECONOMIC

New Private Company Established in Ho Chi Minh City

*BK2410090188 Hanoi VNA in English
0703 GMT 24 Oct 88*

[Text] Hanoi VNA Oct 24—A private company dealing with scientific-technical services and application of new technologies has been put into operation in Ho Chi Minh City.

The company, Tenideco, is a profit-sharing company whose aim it is to help production establishments renovate equipment, manufacturing techniques and management.

This is the seventh [number as received] private company set up in Ho Chi Minh City so far. The others are the Communication and Transport Service Company, the Company of Animal Feeds, the Company of Ornamental Trees and Fish, and the Organic and Inorganic Chemicals Enterprise.

Hanoi Spinning Mill Contracts With Foreign Firms

*BK2510153588 Hanoi VNA in English
1450 GMT 25 Oct 88*

[Text] Hanoi VNA October 25—The Hanoi spinning mill was built in 1983 with assistance from the Federal Republic of Germany.

Since 1984, the mill has yearly produced 7,000 tons of cotton and Peco (high-quality synthetic) fibre. Thus, it has been operating to nearly 90 per cent of its designed capacity. The mill plans to turn out 7,200 tons in 1988 and 7,400 tons in 1989. These figures are not high enough but the products' quality has been highly valued by customers.

The mill has signed contracts directly with foreign companies including private ones. It has widened bilateral cooperation with the Soviet Union and Hungary, and in the future, it will do so with the FRG, Japan, Switzerland and other countries. On the home market, the mill has supplied yarn to almost all textile mills.

Asked about the effectiveness of this cooperation, Mr Josef Dienst, manager of the project, said: "We are very surprised at the growth of 'our child' (he often said jokingly that the Hanoi spinning mill was a child of UNIONMATEX and Vietnam). The mill is fine and clean. Its equipment and machines are managed and used well."

Unemployment Problems Cause Enterprises To Send Workers Home, Overseas

*42090030 Hanoi HANOI MOI in Vietnamese
12 Aug 88 pp 1, 3*

[Article by Vuong Thuc]

[Text]

Labor Organization and Management

In 1988 there still were many difficulties in supplying production units with materials, raw materials, and fuels, which have led to shortage of jobs. A number of enterprises had to tell their workers to stay home and to get 70 percent of their salaries while waiting for work, or had to look for temporary jobs in secondary production in order to create jobs for workers and civil servants. Many business units which have failed to compete with the free market are struggling to find ways to get out of their difficulties and confusing situation. As of the end of June, many production and business units have fulfilled only 30-40 percent of their plans for this year.

Implementing Decision 217/HDBT, the labor sector along with the sectors concerned has gradually developed itself in the entire municipality in accordance with guidance documents. It directly took part in the reorganization of production in eight production and business units by conducting a study of the use and stationing of labor in production, fulfilling the established norms, and classifying labor in accordance with production tasks and individual capabilities. On that basis it reached the following evaluation: If full accounting were carried out, with expenses being added to the costs of products, the majority of units would fall into the situation of "false profits" and "real losses." And if the "output end" were not handled in time in conjunction with the long slide of market prices, many enterprises would have to close down.

The greatest difficulty now, at the time the municipality carries out Decision 217 of the Council of Ministers and Decision 2310 of the Municipal People's Committee, is how to resolve the question of rice prices and to determine the quantities of grain for contractual labor. Consequently, the form of recruiting contractual labor has not yet been widely applied in production and business units, which worsens the problem of unemployment.

This year the municipality did not assign the wage fund and wage spending limit to the production and business bloc but rather let units draft their own wage fund plans on the basis of acceptable product costs and business turnovers; consequently, there are considerable differences in wages among units and sectors in the municipality. The production and business units that have enough jobs and take part in the control of goods and import-export have definitely higher income than the

ones that do not have these favorable conditions, particularly in the areas of professional administration, scientific research, education, public health, and so on.

For several months, because the bank was short of cash and the grain sector did not have enough rice, the payment of wages and sales of rice to workers and civil servants were not made on time; at the same time, as market prices were quickly rising, the living conditions of workers, civil servants, and working people became more and more difficult. Although the state took such measures as providing workers and civil servants with allowances and granting price compensations on a monthly basis, the fact that the time for decisions to be translated into action would ordinarily take longer than the time for prices to rise did not allow that concern to improve their living conditions to any considerable degree.

Getting Jobs for Working People

According to statistical data, the social labor that remained jobless in the municipality this year totaled 52,327 (including 27,404 people from the 1987 statistics), with the largest groups being general school graduates, labor-age dropouts, and troops and assault youths having fulfilled their obligation and returned home. Also more than 2,000 people who had fulfilled their international-cooperation labor assignments abroad and had returned to the municipality did not get any jobs yet.

By taking any possible measures such as drawing labor into the collective sector, recruiting contractual labor to work in organs and enterprises and to join the assault youth forces, recruiting students for vocational schools and classes, and sending people overseas as international cooperation labor, in the first 6 months of this year the municipality was able to get stable jobs for 6,258 people (or more than 10 percent of the jobless population) and to create temporary jobs for 1,340.

Continuing to implement the municipality's policy of encouraging production development, since the beginning of this year 73 newly-established production installations have attracted 937 laborers, mostly for such sectors as knitting, custom tailoring, and so on.

Something new this year was the fact that 14 installations had applied for setting up private enterprises and that the first four such enterprises were born and have been operating under the municipality's regulations.

In 1988 the municipality was assigned the goal of recruiting 6,500 people to go overseas as international cooperation labor. (Of this group 1,150 people would go to Moscow, 2,400 to Sofia.) By the end of July 3,465 people have been sent as international cooperation labor to four countries—the Soviet Union, the German Democratic Republic, Czechoslovakia, and Bulgaria. The municipality also sent 322 youths to Quang Ninh to extract coal

and to Ha Nam Ninh to produce rush, set up 4 assault youth detachments in 4 wards, and supplied the earth foundation-building work sites with 1,000 laborers.

However, the above-mentioned results were too little compared to the actual needs. There still were many jobless laborers (mostly among the young healthy people), who failed to be employed anywhere. In the collective sector, because of a shortage of raw materials and the long slide of prices, the ability to expand production to create more jobs for laborers was limited. In addition, cooperatives and production teams encountered a lot of difficulty when they wanted to withdraw cash from the bank, unless they knew how to deal with such a "sensitive" matter; the products they made had to bear high taxes, which further raised their costs; and slow sales led to unsold products piling up or to losses. Besides those collective production installations that had just come into existence, many others had to reduce their activities or to dissolve. Nearly 800 people had to leave those production installations. The fact that the number of unemployed people was increasing has adversely affected order and security in the municipality. A way to attract many laborers was to open earth foundation-building work sites, but the remunerating system (which had been set up and improved many times by the labor sector) still gave them too low a level of compensation compared to increases of market prices. Because they had to do heavy work without being remunerated enough even for themselves (let alone being capable of helping their wives and children), this work force was getting smaller everyday. Another thing that was not right was the fact that the wages of laborers building earth foundations in April and May totaled 39 million dong, but the bank paid out only 2.7 million dong at the end of June. So how could laborers feed themselves in order to remain attached to their work sites?

In the above-mentioned situation, let us hope that all sectors and echelons would take effective and urgent measures to implement the state's and municipality's new decisions and policies so as to allow production to be expanded and developed and to draw many laborers into production where they would make more products for society.

5598

Information Vice Minister Interviewed on Paper Prices

42090015 Hanoi QUAN DOI NHAN DAN
in Vietnamese 6 Jul 88 p 3

[Interview with Information Vice Minister Phan Hien: "Law Needs To Be Restored in Distributing and Setting Prices of Paper"]

[Text] Editor's note: The present situation of supplying paper for the printing of newspapers and books is very tense. While there is a shortage of paper distributed in accordance with the state plan, paper on the free market

and paper for the printing of materials outside of the plan are still available. Even the organs and installations that have nothing to do with printing still have paper to sell and to pocket the price differentials. Prices of paper fluctuate all the time. In order to clarify the situation a QUAN DOI NHAN DAN reporter has interviewed Information Vice Minister Phan Hien. Here are the questions and answers.

[Reporter] Currently many newspapers have a permanent worry about the shortage of paper, and prices of paper have recently gone up sharply many times. Is it true as we have heard that prices will increase further?

[Phan Hien] The Ministry of Information has been assigned by the Council of Ministers the task of unifying the management of paper for newspapers, books, and other publications. We also worry as much as you do. Early this year, on 12 March 1988, Vo Van Kiet, then acting chairman of the Council of Ministers, presided over a meeting on paper and paper prices. He said, "Paper must be considered as rice. Paper is a strategic material. We cannot accept the situation in which paper travels anywhere, and paper mills exchange paper for raw materials, convertible goods, and cash from those who have them. The state must unify management and restore order and the law. While other prices fluctuate, we must keep the prices of paper and books and newspapers stable for a year, or at least for 6 months."

[Reporter] But people can still see and touch paper in the market sold at high prices. Last year although the state had set paper prices at 16,700 dong/ton for type X, 40,000 dong for type Y, and 65,000 dong for type Z, the free market prices were, respectively, 50,000 dong and later 90,000 dong; twice as much or over 100,000 dong; and 1 million dong. When the State Price Commission made price adjustments to avoid losses for the state, prices on the free market again skyrocketed. The type of paper that the state had raised to about 500,000 dong cost in the market over 1 million, and even 1.7-1.8 million dong/ton. The type that the state had raised to 2.2 million dong cost in the market 7-8 million dong. While the newspapers and publishers who do business seriously have to suffer from the "hunger" for paper, those who do illegal business get rich through the price differentials they acquire from this strategic material of the state.

[Phan Hien] That is true. The Ministry of Information has received many reports on that situation. Therefore, everybody from the Secretariat to the Standing Committee of the Council of Ministers does have a clear attitude: We must restore order and unify management. The Ministry of Information has reminded the provincial and municipal organs in charge of management that they should firmly restore order, and there have been supplemental documents issued to them to mention that in some cases administrative discipline must be enforced.

The fact that the Ho Chi Minh City Cultural and Information Service is strengthening managerial work within the municipality is one of such measures being taken.

[Reporter] But we have learned that they are encountering many difficulties. Where is the main knot to be untangled?

[Phan Hien] That is true. First of all, they are the targets for complaining and cursing.

[Reporter] Who? Who are complaining and cursing?

[Phan Hien] Those who benefit from the price differentials of all kinds, particularly the decadent and degraded cadres in some state organs. They have been complaining and cursing against us for having revealed the price-differentials situation and deprived them of a large source of income. But we do not dare to declare ourselves the discoverer of America before Christopher Columbus. For those who have been profiting from price differentials have engaged in this kind of activities for nearly a decade, while the Ministry of Information was established only over a year ago, which means how we could have known them earlier. As to editors and publishers, they are the people who know everyday and every hour how much difficulty this problem of profiting from the paper price differentials is creating to our activities. Let me interview you for a change. Why do you who have the pens in your hands and are enthusiastic about fighting the negative aspects remain reluctant to get involved in this problem?

[Reporter] Some newspapers have written articles about it. QUAN DOI NHAN DAN recently printed one article about it. Have you read it yet?

[Phan Hien] My colleagues have just criticized the fact that newspapers and publications tend to go after unhealthy sensational legal cases and love stories. But you have just struck at the phenomenon and raised a few questions, instead of striking at any districts or revealing any addresses. You colleagues have just asked me where is the main knot to be untangled. Actually the journalists themselves must identify the knot.

[Reporter] So today let us exchange our ideas about that knot.

[Phan Hien] I think that you all know it, but it seems that some editors-in-chief are reluctant to touch a number of organs and individuals in positions of authority now holding in their hands the state's materials. Let me tell you a story that happened at the first session of the National Assembly, i.e., a year ago, when the Ministry of Information had just been established. A high-ranking leader, let me frankly mention his name, Do Muoi, asked me about the lack of order in the fact that newsprint was deliberately supplied to the free market in a number of

localities. He reminded us that the Ministry of Information had to "crush the rebellion" because that was the area in which the proletarian dictatorship should be maintained as Lenin and Uncle Ho had taught us to do.

[Reporter] How did you answer Do Muoi?

[Phan Hien] I said as follows: "It was easier for us after 1954 and after 1975 to restore order in the publishing of books and newspapers and the printing of materials by private citizens. Now the three links—publication, printing, and circulation—all belong to organs in the system of proletarian dictatorship in central and local sectors. If there were the so-called phenomenon of 'rebellion,' we should crush it from within first."

[Reporter] I am asking you about the knot.

[Phan Hien] I am talking about the knot, really. Many knots are being joined together. One knot is where paper is produced, or where there is money for importing paper and other materials. The state sets the goals of plans and mentions the sources of supply. The state sets the directed prices, but the installations that have paper run after the so-called "soft prices" in selling paper and exchanging paper for raw materials and materials, or cash, at prices that are agreed about. People rush to the addresses where paper is sold in such large numbers that they look like crowds of pilgrims or gold diggers in Kim Boi. Paper now is like gold. Paper price differentials bring more profit than dealing in gold. If we write a report on "where does paper go" and investigate "the ill of pocketing paper price differentials," we the press will expose the rats, big and small, that have been living on the back of the state. I do not pretend to be smart, but I do feel that you reporters have enough knowledge to bring the matter into the open and to suggest a debate on the matter.

[Reporter] Please tell us about the distribution of paper for newspapers and book publishing since the beginning of this year.

[Phan Hien] In the last 6 months, regarding the quantities of paper for newspapers, books, and other publications that have been put under the responsibility of the Ministry of Information in terms of distribution and management, we have so far been supplied with only 16 percent of the quantities planned for the entire year, and only 20 percent of the plan if we include the paper that has arrived at the harbor and stored in its warehouse. We cannot wait for and rely on imported paper because the foreign currencies we have are limited. Now regarding the output and producing capacity of our domestic paper mills, they can hardly cause "hunger" for the press and publishing sector as it exists today. We know that in the last 6 months all paper mills in the country were operating as usual, with none of them being closed at all. In its second session, the National Assembly included in its resolution "an increase of books and newspapers for the people to read." But even if paper for newspapers and

books is supplied in the quantities the state plan calls for, the per capita figure is only 400 grams (newspapers 250 grams, and books 150 grams), and the real situation is that we have just 20 percent of the plan available for distribution.

[Reporter] How about paper prices?

[Phan Hien] Our viewpoint is this: We cannot consider books and newspapers as luxury items. The people do not solely request that they have the right to enjoy information, to enjoy spiritual life. There is now a tendency to "calculate accurately and fully" the supply end in order to raise paper prices in spite of a strict rule that has been included in the Political Bureau's and CPV Central Committee's resolutions, namely "The output-end prices must be accepted by society." We think that if we only worry about the people's stomach, about feeding them, it will not be enough because they also have their head. The heads must contain knowledge, intelligence, and the morality of human beings. The question that we must clarify is this: The party and state already have the law and are demanding that the law be respected. But quite a few people are sabotaging the law without being punished. Who they are must be exposed to light.

5598

Two Enterprises Produce Export Goods

*42090008a Hanoi QUAN DOI NHAN DAN
in Vietnamese 25 Jun 88 p 1*

[Article by Quang Trach: "Enterprises X32 and X28 (Rear Service General Department) Involved in Cooperative Program to Process Export Goods"]

[Text] Making full use of existing capabilities in factory area and in labor with a view toward untangling difficulties for the life of cadres, workers, and civil servants, Enterprises X32 and X28 have, with technical assistance from the Federation of Leather and Shoe Enterprises (Ministry of Light Industry), officially been involved in a cooperative program to produce shoes and make hats and shoes for export.

Enterprise X32 previously specialized in making shoes and hats for the army. Relying on its strength in terms of production space and excess labor, it began producing high quality types of processed goods in August 1987. Entering 1988, the enterprise officially concluded a contract with the friends to produce 500,000 pairs of shoes for the Soviet Union and 1.5 million pairs of shoes and hats for Czechoslovakia.

Enterprise X28 previously made goods for the quartermaster. With the help of the Federation of Leather and Shoe Enterprises, this year it too is participating in the cooperative export processing program. In 1988, it has signed a contract to make 200,000 pairs for friends.

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